

# 2017

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**LUKA KOPER GROUP**

**NON-AUDITED INTERIM REPORT OF  
LUKA KOPER GROUP AND LUKA  
KOPER, D. D.,  
JANUARY – JUNE 2017**

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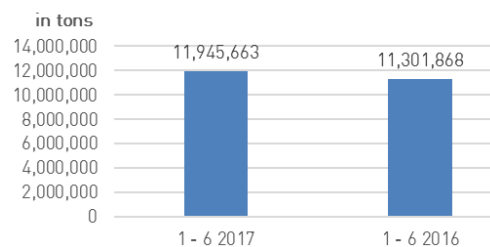
## INTRODUCTION

# 1 Performance highlights of Luka Koper Group in January - June 2017

In January - June 2017, the maritime throughput stood at 12 million tonnes and it was by 6 percent ahead on the comparable period in 2016. In May 2017, a record monthly maritime throughput of 2.3 million tonnes was achieved in the history of the Port.

**12 MILLION  
TONNES**

MARITIME THROUGHPUT 2017/2016 **+6 %**



In January - June 2017, the container throughput amounted to 460 thousand TEUs and exceeded the quantity of the comparable period in 2016 by 9 percent. In May 2017, a record monthly throughput in the amount of 80 thousand TEUS was achieved in the Port's history.

The car throughput in January - June 2017 amounted 350 thousand cars and decreased by 2 percent in comparison with the equivalent period in the previous year.

**460 THOUSAND  
TEUS**

CONTAINERS 2017/2016 **+9 %**

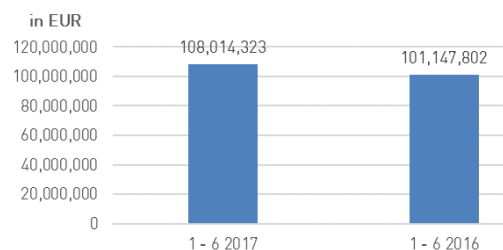
**350 THOUSAND  
VEHICLES**

CARS 2017/2016 **-2 %**

In January – June 2017, net revenue from sale amounted to EUR 108 million, which was an increase of 7 percent compared to the same period last year.

## EUR 108 MILLION

NET REVENUE FROM SALES 2017/2016 **+7 %**



Earnings before interest and taxes (EBIT) in January – June 2017 reached EUR 32 million and exceeded the result of the previous year by 13 percent.

## EUR 32 MILLION

EARNINGS BEFORE INTEREST AND TAXES (EBIT)

2017/2016 **+13 %**

In January – June 2017, net operating profit amounted to EUR 27 million, which is a year-on increase of 15 percent.

## EUR 27 MILLION

NET 2017/2016 **+15 %**

In January – June 2017, Luka Koper Group allocated EUR 29.4 million for investments. Major investments were the following:

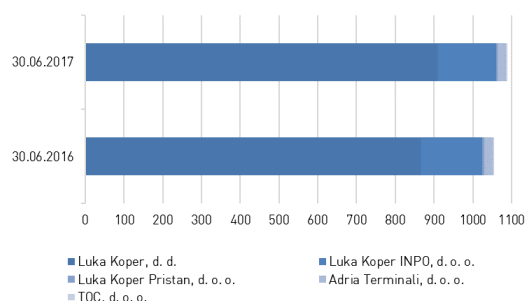
- RMG cranes and crane rail for RMG cranes at the Container terminal,
- continuation of the construction of stacking blocks at the Container terminal with aim to improve the transport and provide wider transport lanes,

- new terminal tractors and empty container reach stackers were acquired for the needs of the Container terminal,
- further set-up of the stacking areas for the needs of the Container terminal,
- continuation of the construction of the multipurpose warehouse.

The number of employees in January – June 2017 in comparison with the equivalent period last year increased by 3 percent resp. by 35 employees and reached the number of 1,090 employees.

# 1,090

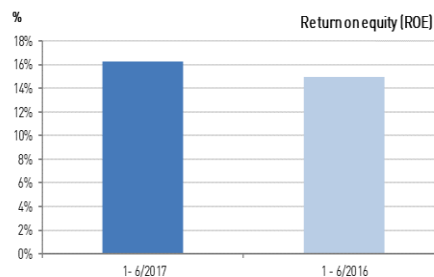
**NUMBER OF EMPLOYEES** 2017/2016 **+ 3%**



Return on equity (ROE)<sup>1</sup> in January – June 2017 amounted to 16.2 percent, which is 9 percent resp. 1.3 percentage point ahead on January – June 2016.

# 16.2 %

**RETURN ON EQUITY (ROE)** 2017/2016 **+9 %**



<sup>1</sup> The indicator is calculated on the basis of the annualised data.

## 1.1 Financial indicators

### Key performance indicators of Luka Koper, d. d., and Luka Koper Group, January – June 2017 in comparison to January – June 2016

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Income statement	1 - 6 2017	1 - 6 2016	IND 2017/ 2016	1 - 6 2017	1 - 6 2016	IND 2017/ 2016
Net sales	105,542,678	96,367,329	110	108,014,323	101,147,802	107
Earnings before interest and taxes (EBIT)	30,952,334	25,696,083	120	31,868,195	28,096,756	113
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	43,721,889	38,522,867	113	45,093,961	41,415,462	109
Profit or loss from financing activities	1,055,784	297,737	355	-490,557	-991,929	49
Profit before tax	32,008,118	25,993,820	123	32,241,113	28,114,291	115
Net profit or loss	27,119,155	21,925,643	124	27,376,397	23,712,736	115
Added value <sup>2</sup>	68,066,715	61,364,681	111	72,598,636	67,443,721	108
Statement of financial position	30.6.2017	31.12.2016	IND 2017/ 2016	30.6.2017	31.12.2016	IND 2017/ 2016
Assets	506,166,296	472,932,135	107	522,655,848	489,991,097	107
Non-current assets	457,231,988	440,055,662	104	468,263,761	450,729,768	104
Current assets	48,934,308	32,876,473	149	54,392,087	39,261,329	139
Equity	313,646,389	304,425,949	103	342,070,459	331,978,921	103
Non-current liabilities with provisions and long-term accruals and	126,448,131	131,614,419	96	113,226,508	118,638,958	95
Short-term liabilities	66,071,776	36,891,767	179	67,358,881	39,373,218	171
Financial liabilities	140,577,649	126,332,908	111	124,577,753	110,332,958	113
Statement of cash flows	1 - 6 2017	1 - 6 2016	IND 2017/ 2016	1 - 6 2017	1 - 6 2016	IND 2017/ 2016
Expenditure on investments in property, plant and equipment, investment property and intangible assets	29,213,351	27,448,305	106	29,390,930	27,950,347	105

<sup>2</sup> Added value = net sales + capitalised own products and own services + other revenue – costs of goods, material, services – other operating expenses excluding revaluation operating expenses.

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Ratios (in %)	1 - 6 2017	1 - 6 2016	IND 2017/ 2016	1 - 6 2017	1 - 6 2016	IND 2017/ 2016
Return on sales (ROS) <sup>3</sup>	29.3%	26.7%	110	29.5%	27.8%	106
Return on equity (ROE) <sup>4</sup>	17.6%	15.0%	117	16.2%	14.9%	109
Return on assets (ROA) <sup>5</sup>	11.1%	9.6%	115	10.8%	10.0%	108
EBITDA margin <sup>6</sup>	41.4%	40.0%	104	41.7%	40.9%	102
Financial liabilities/equity	44.8%	39.9%	112	36.4%	32.7%	111
Net financial debt /EBITDA <sup>7</sup>	1.6	1.5	107	1.3	1.1	114

Maritime throughput (in tons)	1 - 6 2017	1 - 6 2016	IND 2017/ 2016	1 - 6 2017	1 - 6 2016	IND 2017/ 2016
Maritime throughput	11,945,663	11,301,868	106	11,945,663	11,301,868	106

Number of employees	1 - 6 2017	1 - 6 2016	IND 2017/ 2016	1 - 6 2017	1 - 6 2016	IND 2017/ 2016
Number of employees	909	866	105	1,090	1,055	103

<sup>3</sup> Return on sales (ROS) = earnings before interest and taxes (EBIT) / net sales

<sup>4</sup> The indicator is calculated on the basis of annualised data

<sup>5</sup> The indicator is calculated on the basis of annualised data

<sup>6</sup> EBITDA margin = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales

<sup>7</sup> Net financial debt /EBITDA = (financial liabilities – cash and cash equivalents)/EBITDA

The indicator is calculated on the basis of annualised data



**Key performance indicators of Luka Koper, d. d., and Luka Koper Group, January – June 2017 in comparison with the plan for January - June 2017**

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Income statement	1 - 6 2017	Plan 1 - 6 2017	IND 2017/ Plan	1 - 6 2017	Plan 1 - 6 2017	IND 2017/ Plan
Net sales	105,542,678	102,168,449	103	108,014,323	105,300,556	103
Earnings before interest and taxes (EBIT)	30,952,334	25,066,583	123	31,868,195	25,676,068	124
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	43,721,889	38,287,660	114	45,093,961	39,343,227	115
Net profit or loss	27,119,155	21,941,637	124	27,376,397	21,677,096	126
Added value <sup>8</sup>	68,066,715	62,477,996	109	72,598,636	66,699,983	109
Statement of financial position	30.6.2017	Plan 30.6.2017	IND 2017/ Plan	30.6.2017	Plan 30.6.2017	IND 2017/ Plan
Assets	506,166,296	508,429,082	100	522,655,848	519,261,942	101
Equity	313,646,389	327,347,008	96	342,070,459	354,386,219	97
Financial liabilities	140,577,649	143,803,651	98	124,577,753	123,772,762	101
Statement of cash flows	1 - 6 2017	Plan 1 - 6 2017	IND 2017/ Plan	1 - 6 2017	Plan 1 - 6 2017	IND 2017/ Plan
Expenditure on investments in property, plant and equipment, investment property and intangible assets	29,213,351	28,754,911	102	29,390,930	28,956,866	101

<sup>8</sup> Added value = net sales + capitalised own products and own services + other revenue – costs of goods, material, services – other operating expenses excluding revaluation operating expenses.

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Ratios (in %)	1 - 6 2017	Plan 1 - 6 2017	IND 2017/ Plan	1 - 6 2017	Plan 1 - 6 2017	IND 2017/ Plan
Return on sales (ROS) <sup>9</sup>	29.3%	24.5%	120	29.5%	24.4%	121
Return on equity (ROE) <sup>10</sup>	17.6%	13.9%	126	16.2%	12.6%	129
Return on assets (ROA) <sup>11</sup>	11.1%	8.9%	124	10.8%	8.6%	126
EBITDA margin <sup>12</sup>	41.4%	37.5%	111	41.7%	37.4%	112
Financial liabilities/equity	44.8%	43.9%	102	36.4%	34.9%	104
Net financial debt /EBITDA <sup>13</sup>	1.6	1.6	95	1.3	1.3	96

Maritime throughput (in tons)	1 - 6 2017	Plan 1 - 6 2017	IND 2017/ Plan	1 - 6 2017	Plan 1 - 6 2017	IND 2017/ Plan
Maritime throughput	11,945,663	11,266,286	106	11,945,663	11,266,286	106

Number of employees	1 - 6 2017	Plan 1 - 6 2017	IND 2017/ Plan	1 - 6 2017	Plan 1 - 6 2017	IND 2017/ Plan
Number of employees	909	924	98	1,090	1,107	98

<sup>9</sup> Return on sales (ROS) = earnings before interest and taxes (EBIT) / net sales

<sup>10</sup> The indicator is calculated on the basis of annualised data

<sup>11</sup> The indicator is calculated on the basis of annualised data

<sup>12</sup> EBITDA margin = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales

<sup>13</sup> Net financial debt /EBITDA = (financial liabilities – cash and cash equivalents)/EBITDA

The indicator is calculated on the basis of annualised data

## 2 Introductory note

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Compliant with the Market and Financial Instrument Act, Ljubljana Stock Exchange Rules as well as Guidelines and Disclosure for Listed Companies, Luka Koper, d. d., Vojkovo nabrežje 38, 6501 Koper discloses this Non-audited Report on the performance of Luka Koper Group and Luka Koper, d. d., for January – June 2017.

This Non-audited report on the performance of Luka Koper Group and Luka Koper, d. d., for January – June 2017 can be examined at Luka Koper, d. d., Vojkovo nabrežje 38, 6501 Koper and shall be accessible via the company's website [www.luka-kp.si](http://www.luka-kp.si), from 30 August 2017 onwards.

The company promptly publishes any pertinent changes to information contained in the prospectus for stock exchange listing on SEOnet, the electronic information system.

This Non-audited Report on the performance of Luka Koper Group and Luka Koper, d.d. for January – June 2017 was addressed by the company's Supervisory Board at its regular session on 30 August 2017.

## 3 Presentation of Luka Koper Group

Luka Koper, a port operator and logistic provider, with its registered office in Koper, is the parent company of the Luka Koper Group.

### 3.1 Profile of Luka Koper, d. d., as of 30 August 2017

Company name	Luka Koper, pristaniški in logistični sistem, delniška družba
Shortened company name	Luka Koper, d. d.
Registered office	Vojkovo nabrežje 38, Koper
	Phone: 05 66 56 100
	Fax: 05 63 95 020
	E-mail: <a href="mailto:portkoper@luka-kp.si">portkoper@luka-kp.si</a>
	Website: <a href="http://www.luka-kp.si">www.luka-kp.si</a>
Registration Profile	Application N°066/10032200 registered at Koper District Court
Company registration number	5144353000
Tax number	SI 89190033
Share capital	EUR 58,420,964.78
Number of shares	14,000,000 ordinary no-par value shares
Share listing	Ljubljana Stock Exchange, first listing
Share ticket symbol	LKPG
President of the Management Board	Dragomir Matić
Member of the Management Board	Andraž Novak
Member of the Management Board	Irena Vinček
Member of the Management Board – Labour Director	Stojan Čepar
President of the Supervisory Board	Rado Antolovič
Luka Koper, d.d. core activity	Seaport and logistics system and service provider
Luka Koper Group activities	Various and ancillary services

## 3.2 Organisation of the Luka Koper Group

Companies consolidated within the Luka Koper Group provide various services which accomplish the comprehensive operation of the Port of Koper.

### Luka Koper Group as at 30 June 2017

- Luka Koper, d. d.
- Subsidiaries
  - Luka Koper INPO, d. o. o., 100 %
  - Adria Terminali, d. o. o., 100 %
  - Luka Koper Pristan, d. o. o., 100 %
  - Logis Nova, d. o. o., 100 %
  - Adria Investicije, d. o. o., 100 %
  - TOC, d. o. o., 68,13 %

### Associated companies

- Adria Transport, d. o. o., 50 %
- Adria – Tow, d. o. o., 50 %
- Adriaфин, d. o. o., 50 %
- Avtoservis, d. o. o., 49 %

## 4 Corporate management and governance

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### Luka Koper, d. d., Management Board

As at 30 June 2017, Luka Koper, d. d., Management Board was comprised of the following members:

- Dragomir Matić, President of the Management Board, appointed on 23 May 2014 for a five-year term, taking up the position as of 10 June 2014,
- Andraž Novak, Member of the Management Board, commenced a five-year term on 10 June 2014,
- Irena Vinček, Member of the Management Board, commenced a five-year term on 21 August 2015,
- Stojan Čepar, Member of the Management Board – Labour Director, commenced a five-year term on 30 November 2015.

A presentation of Luka Koper, d.d. Members of the Management Board is available on the company's website [www.luka-kp.si](http://www.luka-kp.si).

### Luka Koper, d. d. , Supervisory Board

The Luka Koper, d.d. Supervisory Board is composed of nine members, six of whom are elected by the General Shareholders' Meeting and three by the Worker's Council of the Company. The Members of the Supervisory Board are elected for a four-year term of office.

As at 30 June 2017, Luka Koper, d. d., Supervisory Board was comprised of the following members:

### Representatives of the shareholders

- Alenka Žnidaršič Kranjc, PhD, President of the Supervisory Board, commenced a four-year term on 7 October 2013 (23<sup>rd</sup> General Shareholders' Meeting),
- dr. Elen Tvrđy, Deputy President of the Supervisory Board, commenced a four-year term on 7 October 2013 (23<sup>rd</sup> General Shareholders' Meeting)
- Rado Antolovič, Member of the Supervisory Board, commenced a four-year term on 7 October 2013 (23<sup>rd</sup> General Shareholders' Meeting),
- Andrej Šercer, MSc, Member of the Management Board, commenced a four-year term on 7 October 2013 (23<sup>rd</sup> General Shareholders' Meeting),
- Žiga Škerjanec, Member of the Supervisory Board, commenced a four-year term on 7 October 2013 (23<sup>rd</sup> General Shareholders' Meeting),
- Sabina Mozetič, Member of the Supervisory Board, representative of the Municipality of

Koper, commenced a four-year term on 21 August 2015 (26<sup>th</sup> Shareholders' Meeting).

#### Representatives of employees

- Mladen Jovičić, Member of the Supervisory Board, commenced a four-year term on 8 April 2017,
- Marko Grabljevec, Member of the Supervisory Board, commenced a four-year term on 18 January 2016,
- Rok Parovel, Member of the Supervisory Board, commenced a four-year term on 12 September 2016.

#### External Member of the Supervisory Board

- Polona Pergar Guzaj, MSc, appointed for the term from 7 July 2016 until revocation.

#### Changes in the composition of the Supervisory Board

In the 28th General Shareholders' Meeting of Luka Koper, d. d., held on 30 June 2017, the shareholders recalled the members of the Supervisory Board Alenka Žnidaršič Kranjc, PhD, Elen Twrdy, PhD, Rado Antolovič, Andrej Šercer, MSc, and Žiga Škerjanc and imenovali new members of the Supervisory Board and namely, Rado Antolovič, Andraž Lipolt, Uroš Ilić, MSc, Milan Jelenc, MSc and Barbara Nose.

As of 1 July 2017, the Supervisory Board was comprised of the following members:

#### Representatives of shareholders

- Rado Antolovič, Member of the Supervisory Board, commenced a four-year term on 1 July 2017 (28<sup>th</sup> General Shareholders' Meeting),
- Andraž Lipolt, MSc, Member of the Supervisory Board, commenced a four-year term on 2017 ((28<sup>th</sup> General Shareholders' Meeting),
- Uroš Ilić, MSc, Member of the Supervisory Board, commenced a four-year term on 1 July 2017 (28<sup>th</sup> General Shareholders' Meeting)
- Milan Jelenc, MSc, Member of the Supervisory Board, commenced a four-year term on 1 July 2017 (28<sup>th</sup> General Shareholders' Meeting),
- Barbara Nose, Member of the Supervisory Board commenced a four-year term on 1 July 2017 (28<sup>th</sup> General Shareholders' Meeting)
- Sabina Mozetič, Member of the Supervisory Board, representative of the Municipality of Koper, commenced a four-year term on 21 August 2015 (26<sup>th</sup> General Shareholders' Meeting).

**Representatives of Employees**

- Mladen Jovičić, Member of the Supervisory Board, commenced a four-year term on 8 April 2017,
- Marko Grabljevec, Member of the Supervisory Board, commenced a four-year term on 18. January 2016,
- Rok Parovel, Member of the Supervisory Board, commenced a four-year term on 12 September 2016.

**External member of the Supervisory Board Audit Committee**

- Polona Pergar Guzaj, MSc, appointed for the term from 7 July 2016 until revocation.



## BUSINESS REPORT

### 5 Significant events, news and achievements, January - June 2017

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#### JANUARY

- A monthly record maritime throughput of 78,527 TEUs was achieved in the Port's history.
- Luka Koper published the updated document Corporate Governance policy.
- Luka Koper published the call for proposals of allocation of sponsorships and donations within Living with the Port fund.
- Strong wind bora hampered the work in the port for three days.
- The bankruptcy proceeding of the associated company Golf Istra, d. o. o. was completed.

#### FEBRUARY

- A record monthly maritime throughput of 2.2 million tonnes was achieved in the Port's history.
- Business partners were shown on-site a new crane rail and the operation of RMG cranes for transshipment of containers from/onto the rail waggons.
- Adria-Tow, d. o. o., received a new tug-boat Mercur manufactured in Spain.

#### MARCH

- Luka Koper, d. d., took over a half a year rotating presidency of NAPA (North Adriatic Port Association).
- In conjunction with the Koper Regional Museum the company inaugurated the exhibition dedicated to 60<sup>th</sup> anniversary of Luka Koper d.d. .
- Luka Koper jointly with a large number of Slovenian participants attended the biggest world cruise summit Seatrade Cruise Global 2017, where Slovenia was presented as an attractive tourist destination.
- Luka Koper, d. d., Works Council at its regular session held on 13<sup>th</sup> March 2017 reelected by consensus Mladen Jovičić as the employees' representative in the Supervisory Board of Luka Koper, d. d., who started the four-year mandate on 8<sup>th</sup> April 2017.
- 'Luka Koper – an Attractive Alternative for Southern Germany was the title of the business form organised by Luka Koper d.d. for targeted public in Munich.
- The cruise vessel Viking Sea inaugurated this year's cruise season.

- The Management Board of Luka Koper d.d. adopted the resolution on the start of the procedure for the award of the public procurement the selection of the contractor for the completion of the new Sermin entrance.
- Through the website of the Ljubljana Stock Exchange Luka Koper .d.d. responded to the proposal of the Act on the construction, management and governance of the second track of the Divača – Koper railway line.
- The Supervisory Board of Luka Koper, d. d., approved the investment for a new garage for Car and Ro-Ro terminal and took a stance about the proposal of the Act on the construction, management and governance of the second track of the Divača – Koper railway line
- At the Port's Day held in Egypt Luka Koper presented its activities and signed a partnership agreement with Egyptian ports Alexandria and Damietta.

#### APRIL

- Container terminal Luke Koper acquired two new super post-panamax container cranes of the manufacturer Liebherr.
- Luka Koper attended the specialized food food fair WorldFood held in Warsaw.
- On 20<sup>th</sup> April 2017 the National assembly adopted the Act on the construction, management and governance of the second track of the Divača – Koper railway line.
- At the extraordinary session held on 26<sup>th</sup> April 2017 the National Assembly voted the suspensive veto on the Act on the construction, management and governance of the second track of the Divača – Koper railway line.
- Luka Koper presented itself at the conference«Transport and logistics in the South-Eastern Europe» held in Belgrade and received the Brand Leader Award for exceptional achievements in its line of business and high-quality services.
- at the Ministry of Infrastructure, Luka Koper presented the alternative solution of the new entrance, which was initially planned in conjunction with the roundabout of Bertoki access road at the Ministry of Infrastructure.

#### MAY

- A new record maritime throughput of 2.3 million tonnes was achieved in the Port's history.
- A new record monthly maritime throughput of 79,918 TEUS was achieved in the Port's history.
- On 23 May passed 60. years from the foundation of the company Port of Koper, predecessor of today's company Luka Koper, d. d.
- SIQ Slovenian Institute of Quality and Metrology granted the quality management certificate ISO 9001:2015 to Luka Koper
- Jointly with 14 Slovenian logistic companies Luka Koper was presented in the largest

European specialised fair «Transport & Logistic» which was held in Munich.

- Slovenian Environment Agency issued the environmental permit for the comprehensive set-up of the Pier I, against which the Municipality of Koper appealed.
- For the first time Luka Koper organised the Port's Day in Warsaw, where the transport route via Koper was presented to Polish business partners.
- At the conference «Multimodal 2017 – Bridge between Europe and Asia» held in Hamburg Luka Koper was presented as entry gate and transport hub between Asia and Europe.
- Luka Koper granted recognitions to the best suppliers in 2016.
- On the Port's day the visitors visited the port and learnt about port's processes.

## JUNE

- Strong wind caused an accident at the Dry Bulk terminal, by pushing a car carrier vessel towards the quayside crane which after being hit, collapsed. Despite the accident, the work at the terminal proceeded smoothly.
- Luka Koper took part at the «Day of Austrian logistics» in Graz.
- In the 28<sup>th</sup> General Shareholders Meeting of Luka Koper, d. d., held on 30 July 2017 the shareholders:
  - adopted a decision on the proposal of the allocation of distributable profit for 2016 in the amount of EUR 20,321,602.99 (the counter proposal of Društvo Mali delničarji Slovenije (Small Shareholders' Association of Slovenia) was adopted):
    - a portion of the distributable profit in the amount of EUR 19,600,000.00 shall be disbursed as dividends in gross value of EU 1.40 per ordinary share,
    - the residual distributable profit in the amount of EUR 721,602.99 shall remain undistributed.
  - were informed about the adopted Annual report of Luka Koper, d. d., and Luka Koper Group for the year 2016 including the auditor's opinion and the Supervisory Board report on the verification of the Annual report of Luka Koper, d. d., and Luka Koper Group for 2016,
  - did not granted discharge to the Management Board and two members of the Supervisory Board and namely to Alenka Žnidaršič Kranjc, Ph.D and Mladen Jovičić for the year 2016,
  - appointed the audit firm KPMG Slovenija, podjetje za revidiranje, d. o. o., for the audit of financial statements of Luka Koper, d. d., and Luka Koper Group for business years 2017, 2018 and 2019,
  - were informed about the decision of the Workers' Council of Luka Koper, d. d., of 12 September 2016, on the appointment of Rok Parovel as employees' representative

- in the Supervisory Board for the four-year term office from 12 September 2016,
- recalled members of the Supervisory Board Alenka Žnidaršič Kranjc, PhD, Elen Twrdy, PhD, Rado Antolovič, Andrej Šercer, MSc, and Žiga Škerjanc and appointed new members of the Supervisory Board and namely Rado Antolovič, Andraž Lipolt, MSc, Uroš Ilić MSc, Milan Jelenc and Barbara Nose,
  - appointed the audit company PriceWaterhouseCoopers, podjetje za revizijo in druge finančno računovodske storitve, d. o. o. as a special auditor to examine the performance of single businesses of Luka Koper, d. d.,
- Luka Koper presented development plans to municipal councillors, heads of municipal administration and representatives of local communities.
  - 400 sales and operational staff of our foreign and domestic partners attended the Luka Koper Open Day, organised as part of the celebration of the 60<sup>th</sup> company's anniversary.

## 6 Relevant post-balance events

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### JULY

- On 29 July 2017, a fatal occupation accident occurred at the Dry Bulk terminal. After the findings the worker employed with an external provider of port's services, was squeezed by the grab of the ship's crane in the hold. The competent authorities immediately opened the accident investigationso, which is still in progress.

### AUGUST

- SŽ – Tovorni promet, d. o. o., brought a claim for damages in the amount of EUR 1,758,281.00 against Luka Koper, d.d. for damages from the spontaneous interruption of works in July 2016.

## 7 Performance analysis

### 7.1 Summary of performance of the LUKA KOPER GROUP, January – June 2017

#### Comparison of the results achieved by the Luka Koper Group in January - June 2017 with January – June 2016

In the first half of 2017, net revenue from sale of the Luka Koper Group amounted to EUR 108 million, and thereby exceeded by 7 percent resp. EUR 6.9 million the figures achieved in the first half of 2016.

Net revenue from sale of Luka Koper Group from sales and marketing activity in January – June 2017 exceeded the achieved net revenue from sale generated in January – June 2016 by 9 percent. resp. by EUR 8.7 million, whilst the revenue from the performance of the of the public utility service of the regular maintenance of the port's infrastructure decreased by 43 percent resp. by EUR 1.8 million, which resulted in the total exceeding of generated revenue of Luka Koper Group in the previous year by 7 percent.

NET REVENUE FROM SALE (in EUR)	1 – 6 2017	1 – 6 2016	Index 2017/2016
Net revenue from sale related to the market activity	105,629,653	96,940,364	109
Net revenue from the sale from the performance of the public utility service	2,384,670	4,207,438	57
<b>TOTAL</b>	<b>108,014,323</b>	<b>101,147,802</b>	<b>107</b>

In comparison to the previous year, the net revenue from sale of Luka Koper Group increased from the performance of the primary activity of loading and unloading of goods, stuffing and stripping of containers, storage and provision of additional services. The revenues from rentals decreased.

Other revenue of Luka Koper Group in January – June 2017 amounted to EUR 1.5 million, which is 8 percent resp. EUR 121 thousand decrease in comparison with the first half of the previous year. A major share of other revenue were subsidies, grants and similar revenue in the amount of EUR 819.5 thousand, that referred to drawing of assets of Luka Koper INPO, d. o. o. Luka Koper INPO, d. o. o.

Operating expenses of the Luka Koper Group in the first half of 2017 stood at EUR 77.9 million, which is a year-on increase of 3 percent resp. EUR 2.3 million. Within the operating expenses, comparably to the equivalent period last year, the increase was recorded in cost

of material, cost of services, cost of labour and other operating expenses. The costs of amortisation decreased. In the first half of 2017, the cost of material of Luka Koper Group amounted to EUR 8.1 million, which is 9 percent resp. EUR 688.8 thousand ahead-on the comparable period last year. Within the cost of material, a major increase was recorded in the cost of energy, which represented a major share of cost of material. Cost of services of the Luka Koper Group so in the first half of 2017 amounted to EUR 25.1 million, which is 1 percent resp. EUR 127.1 thousand ahead on the first half of the previous year. Within the cost of services a major share represented the cost of port's services, which were higher by 10 percent in comparison with the first half of the previous year. The increase of cost of port's services is attributable to the increased volume of throughput and increased volume of provided services. The cost of labour of the Luka Koper Group in the first half of 2017 amounted to EUR 26.9 million, which is 4 percent resp. EUR 1 million ahead on the first half of 2016. The year-on increase is primarily due to a higher number of employees, increased by 3 percent resp. for 35 employees, and partially increase of the basic salary in compliance with the collective agreement. Other operating expense of Luka Koper Group in the first half of 2017 amounted to EUR 4.5 million, and they went up by 15 percent resp. by EUR 588 thousand in comparison with the first half of 2016.

The share of operating expenses within net revenue from sale in the first half of accounted for 72.1 percent, which is 2.6 percentage point decrease comparing with the first half of 2016. In comparison with the previous year, the share of cost of services, labour costs and the share of amortisation and depreciation decreased, whilst the share of costs of material increased, the share of other operating expense stood at the same level.

Earnings before interest and taxes (EBIT) of the Luka Koper in January – June 2017 amounted to EUR 31.9 million, which was an increase of 13 percent resp. EUR 3.8 million over the first half of 2016.

The EBITDA of the Luka Koper Group in January – June 2017 amounted to EUR 45.1 million, which is 9 percent resp. EUR 3.7 million ahead on the equivalent period last year.

EBITDA margin of the Luka Koper Group in January – June 2017 accounted for 41.7 percent, which is 2 percent resp. 0.8 percentage point increase on the first half of 2016.

The financial result in January – June 2017 stood at - EUR 490.6 thousand, whilst the Luka Koper Group in comparable period of the previous year achieved the financial result in the amount of - EUR 991.9 thousand. Lower financial expenses result from lower effective interest rates, lower volume of indebtedness and the maturity of the interest swap.

Results of associated companies in January – June 2017 increased the profit before tax of the Luka Koper Group in the amount of EUR 863.5 thousand, which is 14 percent resp. EUR 146 thousand decrease in comparison with the comparable period last year.

Net operating profit of the Luka Koper Group in January – June 2017 amounted to EUR 27.4 million, which is by 15 percent resp. EUR 3.7 million ahead on 2016.

The return on equity (ROE)<sup>14</sup> je in January – June 2017 amounted to 16.2 percent, which is 9 percent resp. 1.3 percentage point increase on January – June 2016.

As of 30 June 2017, the financial liabilities of the Luka Koper Group stood at EUR 124.6 million, and was higher by 13 percent resp. by EUR 14.2 million than as of 31 December 2016. Liabilities towards banks fell due to the repayment of loans in accordance with disbursement schedules. The liabilities in relation to the distribution of profit for the payout of dividends on 31 August 2017 increased by EUR 19.6 million.

Non-current liabilities towards banks of the Luka Koper as of 30 June 2017 amounted to 73 percent of total financial liabilities. When compared to the balance as at 31 December 2016, their share decreased by 15.8 percentage point.

In January – June 2017, the Luka Koper allocated EUR 29.4 million for investments.

### Implementation of plans

Net revenue from sale of Luka Koper Group related to the sales activity in January – June 2017 exceeded the planned sales by 6 percent resp. by EUR 5.9 million, whilst the revenue from the performance of the of the public utility service of the regular maintenance of the port's infrastructure, intended for the public transport, lagged behind the plan by 57 percent resp. by EUR 3.2 million, which had an impact on the total excess of the budgeted revenue of the Luka Koper Group in January – June 2017 by 3 percent. Since Ministry of Infrastructure delayed the approval of plans, the actually implemented volume of regular maintenance of the port's infrastructure, destined to the public traffic, was lower than planned

Net revenue from sale of the Luka Koper Group in January – June 2017 amounted to EUR 108 million, which is 3 percent resp. EUR 2.7 million increase on planned net revenue from sale.

NET REVENUE FROM SALE (in EUR)	1 – 6 2017	Plan 1 – 6 2017	Index 2017/Načrt
Net revenue from sale related to the market activity	105,629,653	99,704,963	106
Net revenue from the sale from the performance of the public utility service	2,384,670	5,595,593	43
<b>TOTAL</b>	<b>108,014,323</b>	<b>105,300,556</b>	<b>103</b>

<sup>14</sup> The indicator is calculated on the basis of the annualised data

Earnings before interest and taxes (EBIT) of the Luka Koper in January – June 2017 stood at EUR 31.9 million, which is 24 percent resp. EUR 6.2 million ahead on the planned.

In January – June 2017, the EBITDA of Luka Koper Group, amounted to EUR 45.1 million, which is 15 percent resp. EUR 5.8 million ahead on the planned.

EBITDA margin of Luka Koper Group in the first half of 2017, amounted to 41.7 percent, and exceeded by 12 percent resp. by 4.4 percentage point the planned.

In January – June 2017, Luka Koper, d.d. planned for the performance of the public utility of the regular maintenance of the port's infrastructure the drawing of long-term deferred revenue in the amount of EUR 1.8 million, but they were actually formed in the amount of EUR 1.8 million. In the event of exclusion of the impact of higher revenue by EUR 3.6 million under this item, the planned EBITDA margin would have amounted to 38.7 percent and consequently, the achieved EBITDA margin of Luka Koper Group in January – June 2017 would have been higher by 8 percent than the planned (without the aforesaid impact of long-term deferred revenue).

Net operating profit of Luka Koper Group in January – June 2017 amounted to EUR 27.4 million, which is an increase of 26 percent resp. EUR 5.7 million.



## 7.2 Summary of the performance of LUKA KOPER, D. D., in January – June 2017

### Comparison of results achieved by Luka Koper, d. d., in January - June 2017 with January – June 2016

In the first half of 2017, net revenue from sale of Luka Koper, d. d., amounted to EUR 105.5 million, which is 10 percent resp. EUR 9.2 million increase on the first half of the previous year.

Net revenue from sale of Luka Koper, d. d., from sales and marketing activity in January – June 2017 exceeded the achieved net revenue from sale generated in January – June 2016 by 12 percent. resp. by EUR 11 million, whilst the revenue from the performance of the of the public utility service of the regular maintenance of the port's infrastructure decreased by 43 percent resp. by EUR 1.8 million, which resulted in the total exceeding of generated revenue of Luka Koper, d. d., in the previous year by 10 percent.

NET REVENUE FROM SALE (in EUR)	1 – 6 2017	1 – 6 2016	Index 2017/2016
Net revenue from sale related to the market activity	103,158,008	92,159,891	112
Net revenue from the sale from the performance of the public utility service	2,384,670	4,207,438	57
<b>TOTAL</b>	<b>105,542,678</b>	<b>96,367,328</b>	<b>110</b>

In comparison with the previous year, the net revenue from sale of Luka Koper, d. d., increased from the core activity of loading and unloading of goods, stuffing and stripping of containers, storage and additional services. The revenue from rentals decreased.

Other revenue of Luka Koper, d. d., in January – June 2017 amounted to EUR 505.7 thousand, which is 18 percent resp. EUR 108.3 thousand decrease in comparison with the first half of the previous year. The major share of other revenue were received damage compensations in the amount of EUR 185.4 thousand.

In the first half of 2017, the operating expense of Luka Koper, d. d., amounted to EUR 75.1 million, which is 5 percent resp. EUR 3.8 million ahead on the equivalent period last year. Within the operating operating expenses, comparably to the same period last year increased all types of costs except amortisation. In the first half of 2017, the cost of material of Luka Koper, d. d., amounted to EUR 7.3 million, which is 12 percent resp. EUR 805 thousand increase on the comparable period last year. The major share of cost of material in the first half of 2017 was the cost of energy. The cost of services of Luka Koper, d. d., in the first half of 2017 amounted to EUR 26.8 million, which was an increase of 6 percent resp. EUR 1.5 million on the first half of the previous year. Within the cost of services a major share represented the cost of port's services which increased by 15 percent in comparison with

the first half in 2016. The increase of the cost of port's resulted from the increased volume of the throughput and the larger volume of provided services. The cost of labour of Luka Koper, d. d., in the first half of 2017 amounted to EUR 23.7 million, which is 5 percent resp. EUR 1.1 million year-on increase. This year-on increase can be primarily attributed to a higher number of employees, increased by 5 percent resp. by 43 employees, and partially increase of the basic salary in accordance with the collective agreement. Other operating expense of Luka Koper, d. d., in the first half of 2017 amounted to EUR 4.5 million, which is 14 percent resp. EUR 550.4 thousand ahead on the first half of 2016. an increase was recorded in costs of the compensation for the use of the building land, damage costs and revaluation operating expense.

The share of operating expense within the revenue from sale in the first half of 2017 accounted for 71.1 percent, which is 2.8 percentage point decrease in comparison with the first half of 2016. In comparison with the previous year, the share of cost of services, cost of labour and amortisation within the net revenue from sale decreased, whilst the shares of cost of material and other operating expense stood at the same level.

Earning before interest and taxes (EBIT) of Luka Koper, d. d., in January – June 2017 amounted to EUR 30.9 million, which was an increase of 20 percent resp. EUR 5.3 million on the first half of 2016.

In January – June 2017, earnings before interest and taxes, depreciation and amortisation (EBITDA) of Luka Koper, d. d., amounted to EUR 43.7 million, which is 3 percent resp. EUR 5.2 milion ahead on the comparable of the previous year.

The EBITDA margin of Luka Koper, d. d., accounted for 41.4 percent, which is an increase of 4 percent resp. 1.4 percentage point over the first half of 2016.

The financial result from financing activities in January – June 2017 amounted to EUR 1.1. million, whilst Luka Koper, d.d. in the comparable period last year achieved the financial result in the amount of EUR 297.7 thousand. Revenue from shares in associated companies increased, but financial expenses were lower as result of lower effective interest rates and the maturity of the interest swap.

In January – June, net profit of Luka Koper, d. d., amounted to EUR 27.1 million, which is 24 percent resp. EUR 5.2 million increase on 2016.

Return on equity (ROE)<sup>15</sup> accounted for 17.6 percent and was by 17 percent resp. 2.6 percentage point ahead on January – June 2016.

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<sup>15</sup> The indicator is calculated on the basis of the annualised data

Financial liabilities of Luka Koper, d. d., as at 30 June 2017 amounted to EUR 140.6 million, which is 11 percent resp. EUR 14.2 million in comparison with balance as at 31 December 2016. Due to the repayment of loans in compliance with the amortisation schedules, the liabilities towards banks decreased. The liabilities in relation to the distribution of the profit for the payout of dividends on 31 August 2017 increased by EUR 19.6 million.

Non-current financial liabilities towards banks of Luka Koper, d. d., as at 30 June 2017 accounted for 64.7 percent of total financial liabilities. In comparison to 31 December 2016, their share decreased by 12.8 percentage point.

In January – June 2017, Luka Koper, d. d., allocated EUR 29.2 million for investments, notably in equipment at the Container terminal and in the construction of the multipurpose warehouse.

### Implementation of plans

Net revenue from sale of Luka Koper, d. d., from marketing activities in January – June 2017, exceeded the planned by 7 percent resp. EUR 6.6 million, whilst the revenue from the performance of the public utility service of regular maintenance of the port's infrastructure destined to public traffic lagged behind the plan by 57 odstotkov percent resp. by EUR 3.2 million, which resulted in a total exceeding of planned revenue of Luka Koper, d. d., in January – June 2017 by 3 percent. The revenue from the performance of the public utility service regular maintenance of the port's infrastructure destined to public traffic are lower than planned due to a reduced volume of maintenance than planned, since the plan of a regular maintenance of the port's infrastructure has still not been approved yet by the Ministry of Infrastructure.

Net revenue from sale of Luka Koper, d. d., in January – June 2017 amounting to EUR 105.5 million were 3 percent resp. EUR 3.4 million ahead on planned net revenue from sale.

NET REVENUE FROM SALE (in EUR)	1 – 6 2017	Plan 1 – 6 2017	Index 2017/Plan
Net revenue from sale from marketing activity	103,158,008	96,572,856	107
Net revenue from the performance of the public utility service	2,384,670	5,595,593	43
<b>TOTAL</b>	<b>105,542,678</b>	<b>102,168,449</b>	<b>103</b>

The operating profit (EBIT) of Luka Koper, d. d., in January – June 2017 amounted to EUR 30.9 million, which is 23 percent resp. EUR 5.9 million ahead on the planned.

In January – June 2017, EBITDA of Luka Koper, d. d., amounted to EUR 43.7 million, which is 14 percent resp. EUR 5.4 million increase on the planned EBITDA:

In the first half of 2017, the EBITDA margin of Luka Koper, d. d., in the amount of 41.4 percent, was by 11 percent resp. by 4 percentage point ahead on planned.

In January – June 2017, Luka Koper, d. d., planned the drawing of long-term deferred revenue in the amount of EUR 1.8 million for the performance of the public utility service of the regular maintenance of the port's infrastructure, but actually they were formed in the amount of 1.8 million EUR. If the exclusion of the impact of the revenue higher higher by EUR 3.6 million were considered, the planned EBITDA margin would have amounted to 38.8 percent and as a result, the achieved EBITDA margin of Luka Koper, d. d., in January – June 2017 would have been by 7 percent higher than planned (excluding the aforesaid impact of long-term deferred revenue).

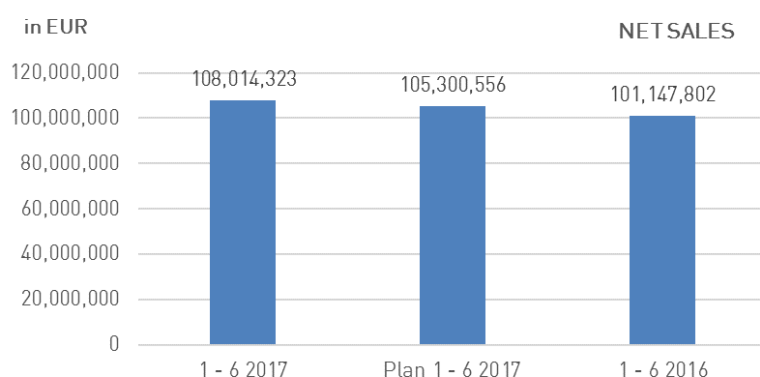
Net operating profit of Luka Koper, d. d., in January – June 2017 amounted to EUR 27.1 million, which is by 24 percent resp. by EUR 5.2 million than planned.

**A detailed analyses of performance set out below refers to then performance of Luka Koper Group.**

## NET REVENUE FROM SALE

In the first half of 2017, the net revenue from sale of Luka Koper Group amounted to EUR 108 million, which is 7 percent resp. EUR 6.9 million increase on the first half of the previous year. In comparison with the previous year, the net revenue from sale of Luka Koper Group increased from the core activity of loading and unloading of goods, stuffing and unstuffing of containers, storage and additional services. The revenue from rentals decreased.

### Net revenue from sale of Luka Koper Group



## OTHER REVENUE

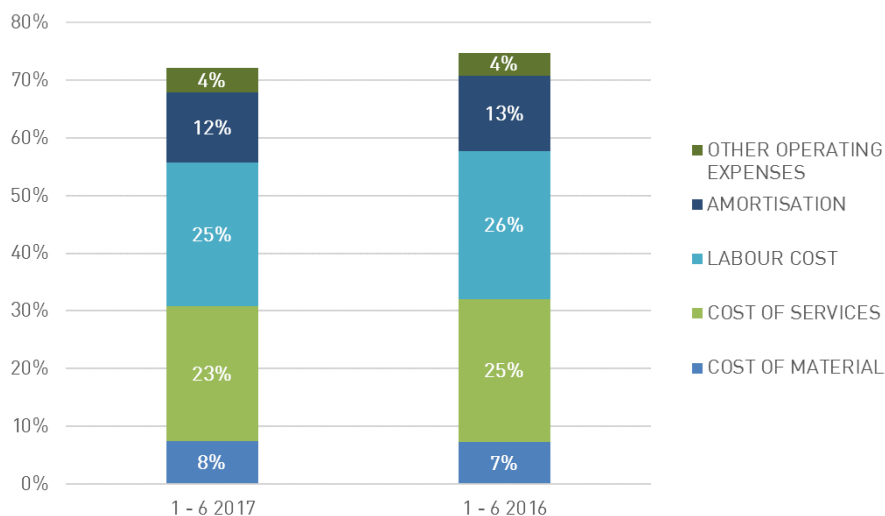
Other revenue of Luka Koper in January – June 2017 amounted to EUR 1.5 million, which is 8 percent resp. EUR 121.1 thousand decrease in comparison with the first half of the previous year. The major share of other revenue were subsidies, grants and similar revenue in the amount of EUR 819.5 thousand that referred to drawing of assets assigned from the retained contributions of Koper INPO, d. o. o.

## OPERATING EXPENSES

In the first half of 2017, the operating expense of Luka Koper Group amounted to EUR 77.9, which is 3 percent resp. EUR 2.3 million ahead on the equivalent period last year. Within the operating expenses, comparably to the equivalent period last year increased the costs of material, costs of services, labour costs and other operating expenses. Costs of amortisation and depreciation decreased by one percentage point. In the first half of 2017, the share of operating expenses in net revenue from sale in the first half of 2017 amounted to 72.1 percent, which is 2.6 percentage point decrease in comparison with the first half of 2016. In comparison with the previous year, the share of costs of services, labour costs and

amortisation within net revenue from sale decreased, whilst the share of material increased, the share of other operating expenses remained at the same level.

### Share of single operating expense in net revenue from sale of Luka Koper Group



### Cost of material

In the first quarter of 2017, the cost of material of Luka Koper amounted to EUR 8.1 million, which is 9 percent resp. EUR 688.8 thousand ahead on the comparable period last year. The major share of cost of material in the first half of 2017 represented the energy costs, which in comparison with the first half of 2016 increased by 22 percent resp. EUR 663.3 thousand. Also costs of spare parts recorded an increase, whilst the costs of auxiliary material decreased.

### Cost of services

Costs of services of Luka Koper in the first half of 2017 amounted to EUR 25.1 million, which is 1 percent resp. EUR 127.1 thousand increase on the first half of the previous year. Within the cost of services, the major share represented the cost of port's services, which amounted to EUR 13.7 million, which is a year-on increase of 10 percent resp. of EUR 1.2 million. The increase of the cost of port's services resulted from the increased volume of throughput and larger volume of performed services as well as more demanding procedures in handling new cars' trademarks at the Car terminal, one of largest consumers of these services. Higher costs are also attributed to a major occupancy of stacking areas and numerous construction works at the Container terminal.

Cost of other services also accounted for a relevant share within the cost of services; they amounted to EUR 7.1 million, which is one percent resp. EUR 93.5 thousand decrease in comparison with the first half of the previous year.

### Labour costs

The labours costs of Luka Koper Group in the first half of 2017 amounted to EUR 26.9 million, and grew by 4 percent resp. by EUR 1 million when compared to the first half of 2016. This year-on increase can be primarily attributed to a higher number of employees, increased by 3 percent resp. by 35 employees, and a partial increase of the basic salary in compliance with the applicable collective agreement.

As at 30 June 2017, the companies within Luka Koper Group employed a total of 1,090 persons.

### Depreciation / amortisation costs

In January – June 2017, the depreciation / amortisation costs of Luka Koper Group amounted to EUR 13.2 million, which is a reduction of one percent resp. EUR 92.9 thousand in comparison with the equivalent period last year.

### Other operating expenses

Other operating expenses of Luka Koper Group in the first half of 2017 amounted to EUR 4.5 million EUR, whis was an increase of 15 percent resp. of EUR 588 thousand when compared with the first half of 2016. The costs of compensation for the use of building land and costs of damages increased.

### OPERATING PROFIT

In January – June 2017, the operating profit (EBIT) of Luka Koper Group amounted to EUR 31.9 million, which is 13 percent resp. EUR 3.8 million ahead on the first half of 2016. The higher EBIT primarily resulted from 7 percent higher net revenue from sale.

The EBITDA of Luka Koper Group in January – June 2017 amounted to EUR 45.1 million, which is 9 percent resp. EUR 3.7 million increase on the comparable period last year.

In January – June 2017, the EBITDA margin of Luka Koper Group accounted for 41.7 percent, which is 2 percent resp. 0.8 percentage point ahead on the first half of 2016.

## FINANCE INCOME AND FINANCE EXPENSES

In January – June 2017, the finance income of Luka Koper Group amounted to EUR 174.1 thousand, which is 28 percent resp. EUR 66.6 thousand ahead on the comparable period in 2016. The finance income from shares and finance income from given loans decreased.

Finance expense of Luka Koper Group in January – June 2017 amounted to EUR 664.6 thousand and fell by 46 percent resp. by 568 thousand in comparison with the first half of the previous year. The finance expense for financial liabilities decreased as result of reduced effective rates, reduced indebtedness, maturity of interest swap instrument and due to the recognised capitalisation of interest resp. addition of costs of borrowing property, plant and equipment in the amount of EUR 0.4 million

In January – June 2017, the financial result the result from financing activities amounted to EUR -490.6 thousand, whilst Luka Koper Group had a negative financial result in the amount of – EUR 991.9 thousand.

## RESULTS OF ASSOCIATED COMPANIES

In January – June 2017, the results of associated companies increased the profit before tax of Luka Koper Group in the amount of EUR 863.5 thousand, which is 14 percent resp. EUR 146 thousand decrease in comparison with the equivalent period last year. The results almost entirely refer to the performance of Adria-Tow, d. o. o., Adria Transport, d. o. o., Avtoservis, d. o. o., and Adriaфин, d. o. o.

## PROFIT BEFORE TAX AND PROFIT FOR THE PERIOD

Profit before tax of Luka Koper Group in January – June 2017 amounted to EUR 32.2 million, and exceeded the achieved profit in the comparable period in 2016 by 15 percent resp. by EUR 4.1 million.

Net operating profit of Luka Koper Group in January – June 2017 amounted to EUR 27.4 million, and is 15 percent resp. EUR 3.7 million ahead on the achieved net operating profit in the comparable period in 2016.

In January – June 2017, income tax and deferred taxes reduced the net operating profit of Luka Koper Group by EUR 4.9 million, whilst in the comparable period in 2016 it was reduced by EUR 4.4 million.



## FINANCIAL SITUATION AND FINANCIAL MANAGEMENT

As at 30 June 2017, the balance sheet total of Luka Koper Group amounted to EUR 522.7 million, which is 7 percent resp. EUR 32.7 million ahead on 31 December 2016.

As at 30 June 2017, non-current assets of Luka Koper Group amounted to EUR 468.3 million EUR, which is 4 percent resp. EUR 17.5 million increase in comparison to 31 December 2016. As at 30 June 2017, non-current assets accounted for 90 percent of the balance sheet total of Luka Koper Group.

Due to higher investments, an increase of 4 percent resp. of EUR 15.8 million was recorded in property, plant and equipment. In this framework, assets in acquisition decreased by 31 percent resp. by EUR 20 million, whereof from advances by 48 percent resp. by EUR 12.7 million. Shares and interests increased by 5 percent resp. by EUR 2.3 million from the market value of non-current investments in other shares and interests, recorded at fair value.

As at 30 June 2017, current assets of Luka Koper Group amounted to EUR 54.4 million, which is 39 percent resp. EUR 15.1 million ahead on 31 December 2016.

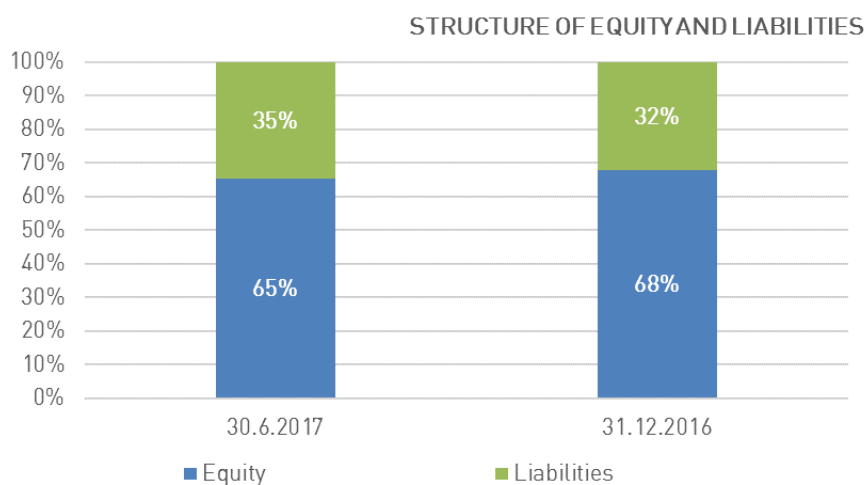
The inventories of maintenance material as at 30 June 2017 amounted to EUR 947 thousand, which is 17 percent resp. EUR 137.5 thousand increase when compared to 31 December 2016. Operating receivables increased by 32 percent resp. za EUR 9 million from higher trade receivables. This increase is due to a higher realisation and higher invoiced excise duties. Other receivables increased by EUR 3.1 million due to short-term deferred costs related to the future compensations for the use of the building site, insurances, annual holiday pay and loan costs. Cash and cash equivalents increased by EUR 2.7 million.

As at 30 June 2017, the equity of Luka Koper Group amounted to EUR 342.1 million, which is an increase of 3 percent resp. EUR 10.1 million when compared to the balance as at 31. December 2016; it increased due to the revaluation surplus, transferred net profit and net profit of the business year. As at 30 June 2017, the equity accounted for 65 percent of the balance sheet total.

As at 30 June 2017, non-current liabilities with long-term accrued costs and deferred revenue of Luka Koper Group amounted to EUR 113.2 million, and dropped by 5 percent resp. by EUR 5.4 million with respect to 31 December 2016. Due to repayments of loans, the loans received from banks decreased and long-term deferred revenue increased. As at 30 June 2017, non-current liabilities with long-term provisions and long-term costs accounted for 21.7 percent of liabilities.

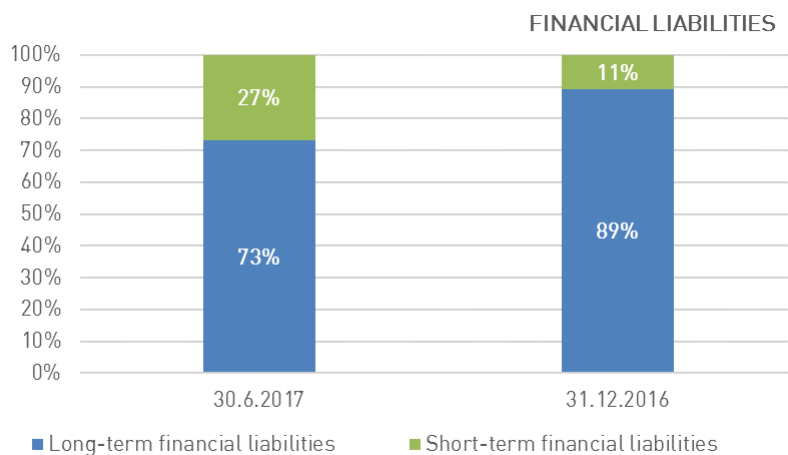
As at 30 June 2017, non-current liabilities of Luka Koper Group amounted to EUR 67.4 million, which is an increase of 71 percent resp. of EUR 28 million when compared to the balance as at 31 December 2016. The liabilities in relation to the distribution of the profit for the payout of dividends on 31 August 2017 increased by EUR 19.6 million. Loans from banks increased due to the net effect of the transfer of a portion of liabilities from non-current liabilities to current liabilities and repayment of principals and trade liabilities and payables to the State. The increase of current trade liabilities results from higher liabilities from investments in fixed assets and liabilities for reinvoiced excise duties. The liabilities related to corporate income tax decreased.

### Structure of Luka Koper Group's liabilities by maturity



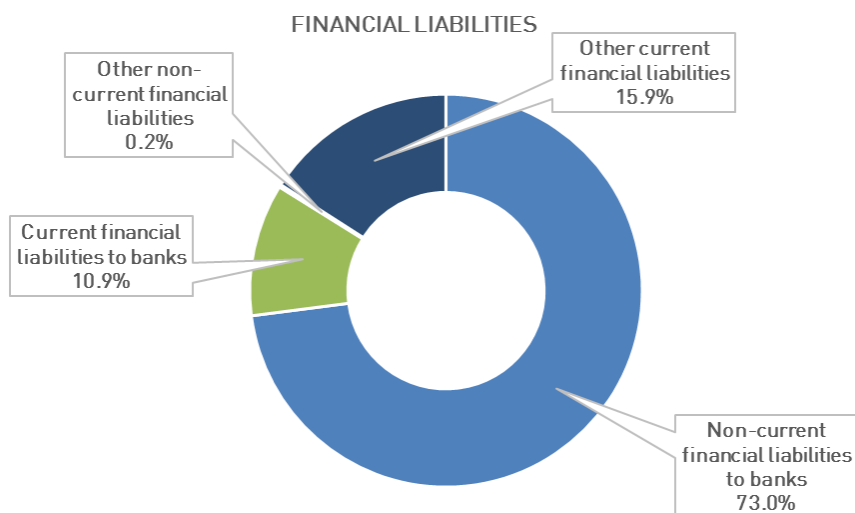
As at 30 June 2017, financial liabilities of Luka Koper Group amounted to EUR 124.6 million, which is 13 percent resp. EUR 14.2 million in comparison with 31 December 2016.

### Structure of Luka Koper Group's financial liabilities by maturity



The increase of current financial liabilities results from recognised liabilities for dividends in the amount of EUR 19.6 million, which will be paid out to the shareholders on 31 August 2017.

### Luka Koper Group financial liabilities as at 30 June 2017



As at 30 June 2017, the non-current liabilities to banks of Luka Koper Group accounted for 73 percent of total financial liabilities. Their share reduced by 15.8 percentage point when compared to 31 December 2016. This reduction results from the increase of the share of other current financial liabilities for recognised liabilities for dividends.

Among the financial liabilities of Luka Koper prevail the liabilities related to a variable interest rate. The Group manages the interest rate by entering into an interest hedge for EUR 32.7 million of non-current long-term loan, which accounts for almost 31-percent share of total financial liabilities related to received loans of Luka Koper Group as of 30 June 2017, meaning that 31 percent of total Group's loans were hedged against the eventual increase of interest rates. An eventual change of variable interest would consequently have an impact on 69 percent of all Group's loans, which is the same share as at 31 December 2016.

### 7.3 Forecast of net revenue from sale of Luka Koper, d. d. in 2017<sup>16</sup>

Luka Koper Group estimates that net revenue until the end of 2017 would expectedly exceed the planned by 3 percent and the net revenue from sale achieved in 2016 by 8 percent, whilst the revenue from the performance of the public utility service of the regular maintenance of the port's infrastructure, destined to the public transport, would be legged behind the plan by 48 percent resp. by EUR 7 million and by 2 percent behind the net revenue achieved in 2016. The revenue from the performance of the public utility service of the regular maintenance of the port's infrastructure, destined to the public transport, will be lower than planned due to the lower volume of maintenance, since the plan of the regular maintenance of the port's infrastructure has still not been approved by the Ministry of Infrastructure.

Based on current projections, Luka Koper estimates that the net revenue from sale in 2017 will expectedly amount to EUR 214 million and will be 1 percent below the planned level, primarily due to the lower volume of the performance of the public utility service of the regular maintenance of the port's infrastructure, destined to the public transport, and at the same time higher by 7 percent than the achieved in 2016. The company does not estimates other impacts on the net operating profit of Luka Koper Group, except changes in the volume of throughput and thereby the net revenue from sale.

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<sup>16</sup> The forecast is based on the current expectations and is subject to risks and uncertainties, which may have have an impact on actual results and may materially differ due to various factors, over some of these Luka Koper Group has no control. These factors include, but they are not necessarily limited to the following: customers' demand and market conditions in markets where operate final consignees of goods, transshipped through the Port of Koper, relevant losses or a decline of key customers' business, political instability and unfavourable economic conditions in countries of provenance and countries of destination of goods handled in the the Port of Koper, competition pressure to reduce the prices, limited storage capacities due to delayed obtainment of adequate consents from the competent authorities, high occupancy of stacking areas and therefore lower productivity and higher operating cost due to additional shifts of goods, insufficient entry capacity into the port and thereby the decongestion of the the port, which is affecting the higher operating costs. In case, when one or more risks resp. uncertainties materialize or that the aforesaid assumptions show as incorrect, the actual results may materiall differ from those indicated in the notice as expected, estimated or projected. Luka Koper allows any up-dating or auditing of these forecasts as far as the future developments would differ from the expected.

## 8 Marketing: cargo groups and markets

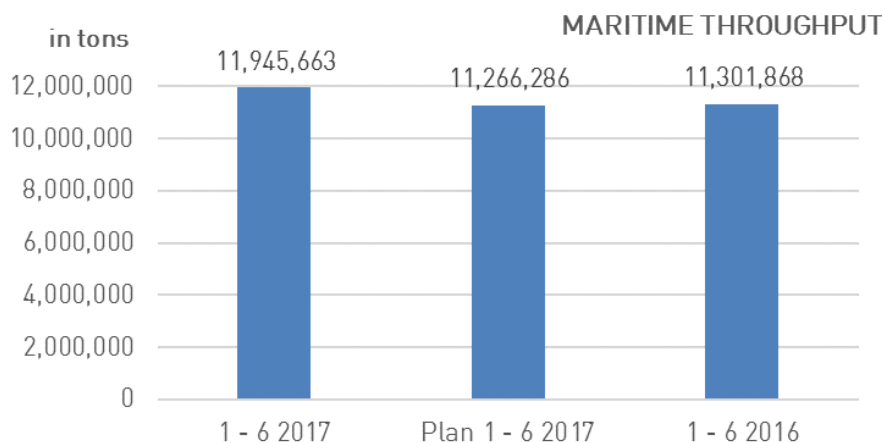
### 8.1 Maritime throughput

The maritime throughput of Luka Koper Group in January – June 2017 totalled EUR 11.9 million tonnes, and exceeded by 6 percent the planned quantities and the maritime throughput January – June 2016. In May 2017, a record monthly maritime throughput in the company's history was achieved in the amount of 2.3 million tonnes and a record maritime throughput of 79,918 TEUs.

With respect to the previous year, the Group's growth was achieved in cargo groups containers, liquid cargoes and dry and break bulk cargoes.

In January – June 2017, Luka Koper Group achieved a 4-percent growth in loaded goods onto and 6-percent growth unloaded from vessels in comparison with the previous year.

#### January – June 2017 and 2016 cargo tonnage throughput and the plan for 2017



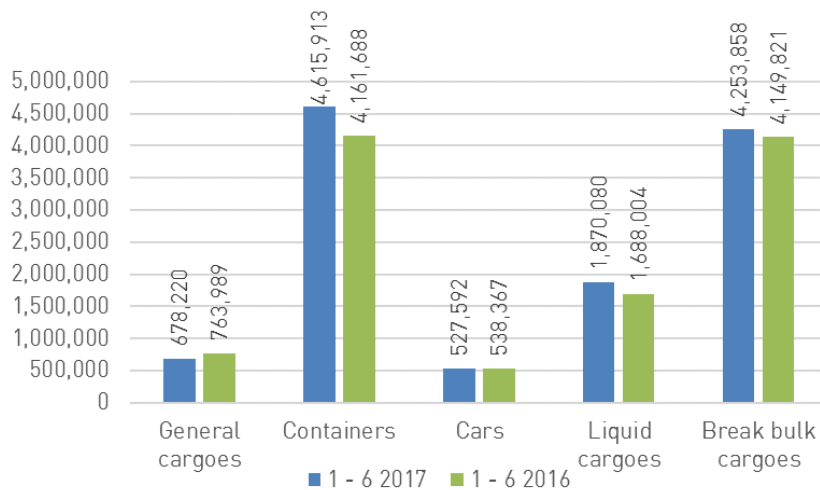
### 8.2 Throughput structure by cargo group

Containers prevail in the total maritime throughput and their share increased by 2 percentage points when compared to the year 2016, of which share was lower by 1

percentage point in 2016. The share of liquid cargoes increased, but the share of general cargoes dropped. The share of cars stood at the same level as in 2016.

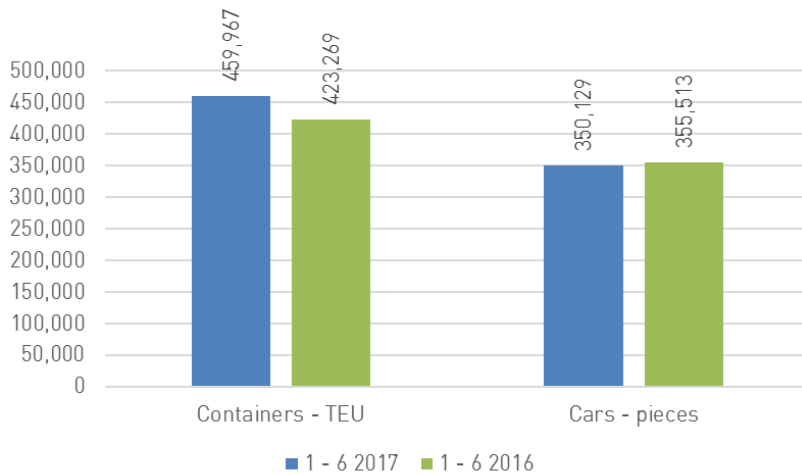
### Maritime throughput in tonnes per cargo types, January - June 2017 in 2016

CARGOO TYPES (in tonnes)	1 - 6 2017	1 - 6 2016	Index 2017/2016
General cargoes	678,220	763,989	89
Containers	4,615,913	4,161,688	111
Cars	527,592	538,367	98
Liquid cargoes	1,870,080	1,688,004	111
Dry and break bulk cargoes	4,253,858	4,149,821	103
<b>TOTAL</b>	<b>11,945,663</b>	<b>11,301,868</b>	<b>106</b>

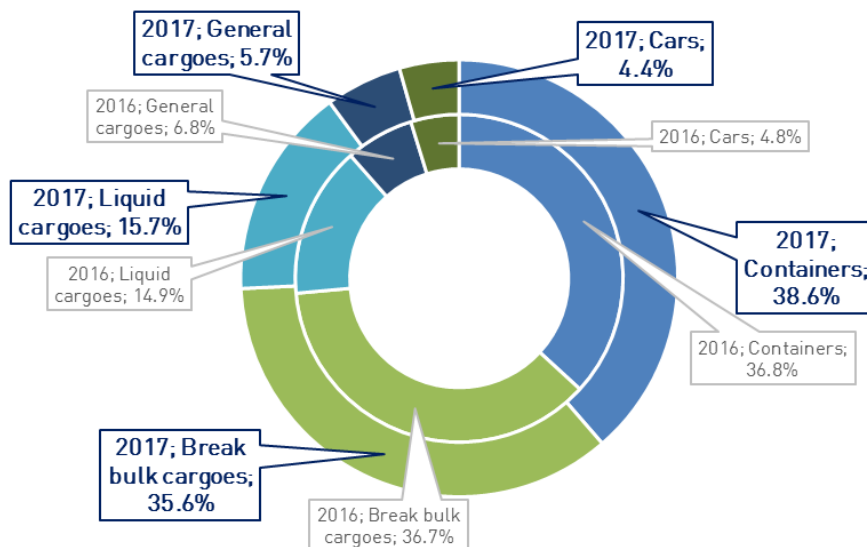


Throughput of containers (in TEU) and cars (in units , January – June 2017 and 2016

CARGO TYPES	1 – 6 2017	1 – 6 2016	Index 2017/2016
Containers – TEU	459,967	423,269	109
Cars – UNITS	350,129	355,513	98



Structure of maritime throughput by cargo type, January - June 2017 and percentage change in relation to January – June 2016



## GENERAL CARGOES

Luka Koper Group ended January – June 2017 period with a decrease of 11 percent in the maritime throughput of general cargoes. Within the general cargoes group the growth was achieved in the throughput of iron and iron products.

In January – June 2016, the maritime throughput was lower due to unstable political and economic situation in North Africa and Middle East.

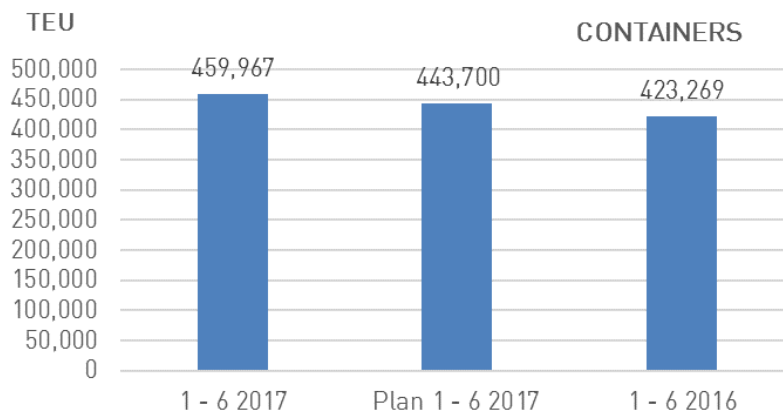
## CONTAINERS

The container terminal achieved January – June 2017 period with the maritime throughput of 459,967 TEUs, and thereby exceeded by 9 percent the throughput generated in January – June 2016. In May 2017, the highest mimonthly maritime throughput of 79,918 TEUs was achieved.

In April 2017, shipping companies CMA CGM, OOCL, EVERGREEN and COSCO established a new alliance OCEAN ALLIANCE which directly connects with Far East (South Korea, China,...) with extremely short transit time. Therefore, the Port of Koper remains the first port of call for vessels' arrival and the last port for vessels's departure to the Far East. In this way, the Container terminal in the Port of Koper is twice weekly directly connected (2M Alliance & OCEAN Alliance) with the markets of the Middle East, Arabian Peninsula and Far East and in both alliances remains the first port of arrival.

Advantages and services of the Container terminal are increasingly recognised also for the import/export to the countries in the Mediterranean area, since it has been steadily growing each year.

### Container throughput, January – June 2017 and 2016 and the plan for 2017 (in TEUs)





## CARS

In January – June, 350,129 cars were handled which is 2 percent decrease when compared to January – June 2016. In the reporting period, the volume of maritime throughput for Turkey decreased, but Luka Koper Group took advantages of new opportunities by increasing its share in other markets. 201,184 cars were handled in export, 148,945 in import.

### Throughput of cars, January – June 2017 and 2016 and the plan for 2017 (in units)



## LIQUID CARGOES

In January – June 2017, the throughput of liquid cargoes recorded a year-on increase of 11 percent. The throughput in the liquid cargo group grew by 29 percent in comparison with the previous year. The significant growth of the throughput was primarily due to the construction of reservoir capacities, which started the operation in the last quarter of the previous business year. In the throughput of petroleum products Luka Koper Group achieved 7-percent growth when compared to January – June 2016.

## DRY AND BREAK BULK CARGOES

In January – June 2017, the maritime throughput of dry and break bulk cargoes grew by 3 percent in comparison with the equivalent period 2016.

Luka Koper Group achieved an increase of 5 percent when compared to the equivalent period 2016, due to the postponement of the vessel's arrival from the last quarter of 2016 in the new business year, and the increased consumption energy in the hinterland in winter time.

The throughput of the dry bulk cargoes decreased by 8 percent in comparison with January – June 2017. The decrease in the cargo groups of salt and cereals, scrap and ingots for Austrian market continued to decline.

## 9 Investments in non-financial assets

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In January – June 2017, Luka Koper Group allocated EUR 29.4 million to the investments in property, plant and equipment, investment property and intangible assets, which is 5 percent increase on the equivalent period 2016. Most of investments were implemented in Luka Koper, d. d.

In January – June 2017, Luka Koper Group implemented the following major investments:

- RMG cranes and crane rail for RMG cranes at the Container terminal.
- continuation of the construction of stacking blocks at the Container terminal with the purpose to improve the transport and to provide wider transport lanes.
- new terminal tractors and empty container stackers were purchased for the need of the Container terminal,
- further set-up of the stacking area for the needs of the Container terminal,
- further construction of the multi-purpose warehouse.
- several minor investments were implemented.

From the point of view of targeted energy monitoring, a measuring and communication equipment was installed in transformer stations, of which purpose is to increase the reliability of the electric energetic system of the port and an efficient monitoring of the consumption of electric energy.

## 10 Development activity

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In January – June 2017, Luka Koper, d. d., continued development and research activities related to the Port's development, considering the trends of the line of business and long-term plans. A relevant activity outlined at the end of 2016, which has been systematically implemented from 2017, are four strategic programmes following the company's strategic plan from 2015. Strategic programmes comprise a comprehensive range of activities, which include market and infrastructural aspect as well as process and human resources segment in order to provide adequate capacities at all levels. With respect to set strategic goals, the company outlined four strategic programmes:

- Increase of containers throughput,
- Increase of cars throughput,
- Increase of port's decongestion,
- Increase of containers stuffing and unstuffing, whereby opportunities for the added value logistics exist.

Due to full occupancy of the existing port's capacities, an important emphasis is still put on the faster implementation of the priority infrastructure projects and the opportunities for the obtainment of grants for their financing. The challenges also arise in new technologies, disposal and processing of sediments in order to increase and maintain the port's depths, environmental, energy and safety topics, IT issues and in any case also the novelties in the market area.

Certain activities, continuing from previous years, were held also in connection to the emphasis of the relevance of a timely construction of the second railway track on the Koper – Divača railway line, since further growth opportunities of throughput and thereby the port's development, logistic activities of the State and the international trade of hinterland countries of Central and Eastern Europe depend on its realisation. In February, the competent authorities successfully applied for the cofinancing under the programme CEF and in March the bill on a rail upgrade, which primarily defines the financing of this project was published. In June, with purpose of further financial closing, the project for the obtainment of EU funds and favourable financial resources through CEF blending call was newly submitted.

As concerns the European projects, very intensive activities were carried out in the first half of 2017, in particular as concerns the projects within the programme CEF, whereby Luka Koper, d. d., endeavoured to cofinance concrete development challenges and infrastructure needs of the Port in the light of the implementation of EU corridor policy.

- There were further activities related to the projects NAPA4CORE, GAINN4MOS, Fresh Food Corridors, CarEsmatic in ELEMED (Luka Koper, d.d. is the coordinator in projects NAPA4CORE, Fresh Food Corridors in CarEsmatic)
- In February 2017, the company tendered with two new project applications (Quays4Koper, ConnectingMoS), but despite the very good quality rate of the application, the cofinancing priorities of the Republic of Slovenia and the European Union were in that occasion different and the port's projects were not selected for cofinancing. Most likely, the company will apply once again on the next occasion.

The project RCMS (Rethinking Container Management System) under the programme Obzorje 2020 was completed in January 2017, also the new project SAURON, which pertains to the information security, was applied for with partners, was approved in August 2016. The implementation of the project will start in May 2017. In the first quarter of 2017, the company was active in submission of several partnership project the two-phases call for proposals Obzorja 2020, under the priority Ports of the future. These projects are targeted research projects with emphasis on innovative solutions and concepts. In accordance to the last information, two applications have been advanced in the second phase.

As concerns the projects in the territorial cooperation, where topics are slightly more regionally oriented and the cooperation is softer, with emphasis on the partnership projects, the several company's projects are under assessment, both as concerns the programme ADRION and the programme Slovenia-Italy. The project TalkNet under the programme Central Europe, which will start the activities in the second quarter of 2017 was assessed positively. In March 2017, two partnership applications were submitted for the programme Mediterranean. The projects of the European territorial cooperation are relevant, since they position Luka Koper within the European institutional setting - mainly from the point of view of planning and development of national and trans-european transport infrastructure, logistic concepts, environmental protection, security, maritime protection, sustainable energy supply, IT modernisation, cultural heritage and similar.

Within the European Structural Funds, the company received the approval of the partnership project of the Competency center Logistika, and which will contribute to the support of the education and development of competences. Within the framework of intelligent specialization projects, the company continued the implementation of the project RRI (Exploitation of the bio-mass potential for the development of advanced materials and bio-based products), through the which Luka Koper studies the dredged sediments and the opportunity of their further use. In the second quarter, Luka Koper collaborated also in the drafting of the action plan SRIP (Strategic development innovative partnerships) Mobility which will be in the future the basis for new cofinancing of smart specialisation projects.

Also in the first quarter of 2017 Luka Koper was still striving to have responses concerning the opportunity of the actual financing co-financing of the Cruise terminal, since the project

documentation is at an advanced stage and it is important Luka Koper to obtain a final response and it is important to obtain the final response about the implementation of the project. Although the company was seeking solutions by agreement with key stakeholders: Ministry of Economic Development and Technology, Ministry of Infrastructure and Municipality of Koper, there is still no positive response which would comply with legal and strategic limits of the company and the Port.

After many years, in January 2017 was adopted the Port's regulation, which will not affect the model of port's management and governance. As concerns the international institutional activities, in February 2017, Luka Koper, d.d., attended the meeting of the executive committee of the European Sea Ports Organisation (ESPO), in June the General Shareholders' Meeting of the European port operators and private terminals FEPOR and Corridors' forums organised by the European Union. In March, Luka Koper hosted the representatives of the European Commission for sea motorways and took over the presidency of North Adriatic Ports Association (NAPA). In June, the company accepted the invitation of the port's workers to attend the convention, held in Trieste where the attention was paid to a further successful development of the port's activity in the Northern Adriatic, in particular as concerns the job opportunities.

However, it should be emphasized that the Port of Koper is well known to the European institutional stakeholders, but the support of the State and the understanding of the port's activity is of the utmost importance for further port's development.

## 11 LKPG share

The Luke Koper share, identified as LKPG is listed in the first quotation of Ljubljana Stock exchange. As at 31 June 2017, the share ended its trading with 33 percent higher value than in the comparable period last year. On the last trading day of the first half of 2016, the price of LKPG share amounted to EUR 30.50 per share.

In the second quarter of 2017, the ownership structure of Luka Koper, d. d., experienced a slight change. As at 30 June 2017, 10,167 shareholders were registered in the shareholder register, which was 1,103 less than as at 30 June 2016.

### Tenmajor shareholders as at 30 June 2017

Shareholder	Number of shares	Ownership share (in %)
Republic of Slovenia	7,140,000	51.00
Slovenski državni holding, d. d.	1,557,857	11.13
Kapitalska družba, d. d.	696,579	4.98
Municipality Koper	439,159	3.14
Citibank N.A. – fiduciarni račun	164,238	1.17
Aktsiaselts Trigon Asset Management	146,071	1.04
Hrvatska poštanska banka, d. d.	129,582	0.93
Zavarovalnica Triglav, d. d.	113,568	0.81
Sei Global Investments Fund plc	102,392	0.73
Parametric Emerging Markets Fund	85,401	0.61
<b>Total</b>	<b>10,574,847</b>	<b>75.53</b>

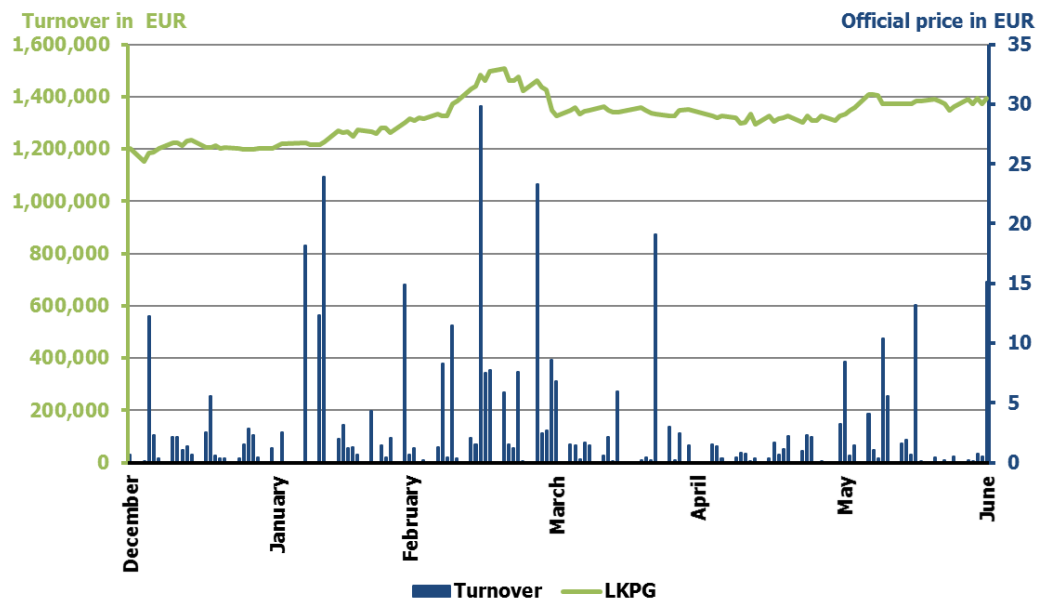
### 11.1 Trading in LKPG share

In the first half of 2017, the average daily share price of Luka Koper, d.d. amounted to EUR 28.90, whilst its overall value fluctuated between EUR 25.23 and EUR 32.97. The highest market price EUR 33.00, the lowest EUR 24,51. As at 30 June 2017, the market capitalisation of Luka Koper, d.d. amounted to EUR 427,000,000.

Also in the first half of 2017, the shareholders witnessed a stable growth of LKPG share. Whilst the shareholders holding slovenian shares had to accept with on average 12.5

percent increase of share prices, the shareholders of Luka Koper, d.d. experienced 20.9 percent increase in the value of the company's share value. There were 1,823 transactions and block trades with aggregate value of EUR 17,966,477, whereby 616,342 shares changed ownership.

### Changes in the daily LKPG share price and daily turnover, January – June 2017



### Key data on LKPG share

	1 – 6 2017	1 – 6 2016
Number of shares as of 30 June.	14,000,000	14,000,000
Number of ordinary no-par value shares	14,000,000	14,000,000
Closing price as of 30 June (in EUR)	30.50	22.90
Book value of share as of 30 June (in EUR)	22.40	21.64
Ratio between average weighed price and avce (P/B)	1.36	1.06
Average weighed market price (in EUR) <sup>17</sup>	29.15	22.45
Average book value of share (in EUR) <sup>18</sup>	22.66	20.98
Ratio between average weighted price and average book value of the share	1.29	1.07
Net earning per share (EPS) (in EUR) <sup>19</sup>	3.87	3.13
Ratio between market price and earnings per share (P/E) <sup>20</sup>	7.87	7.31
Market capitalisation as of 30 June (in mio EUR)	427.0	320.6
Turnover - all transactions (in mio EUR)	18.0	6.1

## 11.2 Number of LKPG shares held by the Supervisory Board and Management Board Members

	Shareholder	Ownership as at 30 June, 2017
Supervisory Board	Marko Grabljevec, Member of the Supervisory Board	10
	Rok Parovel, Member of the Supervisory Board	8
Management Board	Dragomir Matić, President of the Management Board	1,238

<sup>17</sup> Weighted average market price is calculated as a ratio between total value of LKPG stock exchange transactions and the aggregate number of LKPG shares traded across the period njih poslih

<sup>18</sup> Average book value of the LKPG is calculated on the basis of average mothly ratio between equity and number of ordinary shares.

<sup>19</sup> Indicator is calculated on the basis of annualised data

<sup>20</sup> Indicator is calculated on the basis of annualised data



### **11.3 Treasury shares, authorised capital, conditional capital increase**

As at 30 June 2017, Luka Koper, d. d., held no own shares. The applicable Articles of Association of the Company do not provide for categories of authorised capital up to which the Management Board could increase the share capital. The company had no basis for the conditional increase in the share capital.

### **11.4 Rules on restrictions and disclosure on trading with company's shares and shares of related parties**

In compliance with Ljubljana Stock Exchange Luka Koper, d. d., recommendations Luka Koper, d.d., adopted the Rules on trading with issuer's shares. These Rules represents an additional assurance on equal information to all interested public on relevant business events in the company and are important in strengtning the trust of investors and the corporate reputation. The purpose of the Rules is to enable the persons to trade in shares of Luka Koper and to prevent any possible trading based on insider information. At the same time, the Rules enable mandatory reporting in accordance with the law on the sale and purchase of company's shares to the Securities Market Agency.

## **12 Risk management**

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In the second quarter of 2017, the risk mapping of Luka Koper Group changed. The Group is still facing the uncertainties associated with the construction of the second railway track with respect to the timeline and its construction as well as additional financial burdens for Luka Koper, d. d., imposed by the Act on the construction and management of the second railway track of the Divača to Koper railway line. There will be more clarity in autumn, since the referendum on the above mentioned Act will be held on 24 September 2017. In view of the outcome of the referendum, the company will take all necessary action in order to protect the company's interests.

The Group has been reducing the levels of recognised risks and has already taken actions and actively implements measures related to new recognised operational risks. In June and July, the occupational accidents occurred in the Port, one of them was fatal. The preparation of detailed analyses on causes of the aforesaid accidents, on the basis of which the actions will be taken, if necessary, is underway. It also started the strategy refresh process of Luka Koper Group till 2020, where strategic concepts, directions and goals with respect to perceived changes in the environment. The process will be expectedly completed in autumn 2017.

## SUSTAINABLE DEVELOPMENT

### 13 Natural environment

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Luka Koper has always taken care for the improvement of the quality of life in the whole area where the port is situated. Besides the statutory compliance and the compliance with authorisations, a continuous improvement of environmental management system, objective and regular assessment of performance of such systems, provision of information about the environmental performance, open dialogue with public and interested parties and active involvement of employees are required. All employees in Luka Koper, d.d. and meanwhile all responsible staff for the maintenance of the established system have contributed to the keeping the highest environmental standard.

#### 13.1 Care for the environment

Being aware that port's impacts on the environment occur, Luka Koper committed itself in its business policy to the sound environmental management, wishing to preserve it also for future generations. Monitoring and management of environmental impacts has so become the part of regular working activities whereby Luka Koper, d.d. cooperates with competent authorities.

The most important goals in the area of the natural environment in 2017:

- to successfully carry out the audit in compliance with EMAS, requirements
- to keep emissions of dust at all ten port's locations below 250 mg/m<sup>2</sup>day,
- to retain the value of PM10 particles (the size up to 10 µm) emissions below 30 µg/m<sup>3</sup> in the entire Port's area (in direction towards Ankarán, Koper and Bertoki),
- to keep the percentage of separately collected waste above 84 percent,
- to decrease night-time noise level to 48 dBA in the direction of Koper,
- to keep the daily-time noise level to 58 dBA in front of closest building outside the Port's area despite the increased throughput and the enlargement of the port,
- without taking actions in environmental interventions,
- without pollution outside the Port's aquatorium
- harmonisation of the outdoor lighting with purpose to reduce the light pollution,

- to keep specific consumption of energy at the level from 2015, and namely for motor fuel 0.25l/t, for electric energy 1.17 kWh/t and potable water 6.4,l/t, despite the increase of the throughput and storage capacities,
- modernisation of the waste waters treatment system at the Livestock terminal and modernisation of raining waters treatment system at the European Energy terminal.

## 13.2 EMAS certificate

As early as in 2010 Luka Koper, d. d., was awarded the most important environmental certificate EMAS (SI 00004), which is renewed annually. By complying with norms for the obtainment of the most significant environmental certificate, the company's strategic guidelines are achieved. The Environmental Report for 2016 which will be published on the website after the completion of the external assessment, is drawn up.

## 13.3 Atmosphere

Endeavours for a continuous reduction of emissions, generated at the port's activities, involve several activities. Among relevant actions for the dust reduction is the introduced technology of coating the dumping area for coal and iron ore by paper mill sludge. The paper mill sludge forms the crust preventing to swap away the dust.

### 13.3.1 Total volume of dust at the Port

Control measurements of the total volume of dust are carried out by Luka Koper yet from 2002 on ten measurement points in the Port. There are no legal restrictions on the quantity of dust deposits in Slovenia, nevertheless, we have set a goal not to exceed the average annual level of 250 mg/m<sup>2</sup>day. In the first half of 2017, the average of measurements values from all measuring points amounted to 86 mg/m<sup>2</sup>dan.

### 13.3.1 Quantity of health hazardous dust particles (PM<sub>10</sub>)

Statutory prescribed measurements of fine dust particles (PM<sub>10</sub>), are carried out by an authorised organisation and are continuously measured on three points within the Port. The measurements taken in the first half of 2017 were below the target value of 30 µg/m<sup>3</sup> and statutory set up volume of 40 µg/m<sup>3</sup>. The results from two measurement devices are shown automatically every hour on the Port's web page online Living With The Port [www.zivetispristaniscem.si](http://www.zivetispristaniscem.si).

### Comparison of mean values of PM<sub>10</sub> measurements, January – June 2017 and 2016

	1 – 6 2017	1 – 6 2016	INDEX 2017/2016
Ankaran - Rožnik	18 µg/m <sup>3</sup>	20 µg/m <sup>3</sup>	90
Bertoki	22 µg/m <sup>3</sup>	21 µg/m <sup>3</sup>	105
Koper – Cruise terminal	18 µg/m <sup>3</sup>	23 µg/m <sup>3</sup>	78

#### 13.3.1 Emissions of dust particles on key sources

Since the permitted values of dust particles emissions of key sources are stipulated by law, we perform measurements in the direct vicinity of dust-generating sources (e.g. at loading/unloading of wagons, trucks and ships). The threshold of permitted value of emissions is 20 mg/m<sup>3</sup>. The company has not yet performed the statutory measurements for 2017.

### 13.4 Waste management

Various types of waste are generated in the Port of Koper. In terms of Luka Koper, d.d. commitment for the the environment, Luka Koper regularly provides for waste separation, recycling and waste processing. The waste separation is carried out at all terminals, by the users of the economic zone and on ships. Separately collected waste materials are delivered to external waste-processing contractors and agents, whereas organic waste is processed at the composting plant in the port. Luka Koper d.d. also collaborates with external companies in relation to waste processing.

In the first half of 2017, we achieved 93 percent of waste separation and we exceeded the set objective of 84 percent of sorted and separately collected waste. In April, container quay crane was cut into pieces and 495 tons of iron were transported from the Port, in June additional 132 tonnes of scrap railway sleepers were transported from the Port.

### 13.5 Noise

Noise levels are continuously monitored by devices at three peripheral points around the port, and the results are published online via the Living With The Port [www.zivetispristaniscem.si](http://www.zivetispristaniscem.si).

### Comparison of mean values of PM10 measurements (in dB), January – June 2017 in 2016

1 - 6 2017			1 - 6 2016			Threshold values
Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	Eastern periphery (Bertoki)	Northern periphery (Ankaran)	Southern periphery (Koper)	
L <sub>D</sub> =54	L <sub>D</sub> =55	L <sub>D</sub> =64	L <sub>D</sub> =55	L <sub>D</sub> =54	L <sub>D</sub> =64	L <sub>D</sub> =73
L <sub>V</sub> =52	L <sub>V</sub> =52	L <sub>V</sub> =64	L <sub>V</sub> =52	L <sub>V</sub> =53	L <sub>V</sub> =62	L <sub>V</sub> =68
L <sub>N</sub> =50	L <sub>N</sub> =51	L <sub>N</sub> =63	L <sub>N</sub> =50	L <sub>N</sub> =50	L <sub>N</sub> =60	L <sub>N</sub> =63
L <sub>DVN</sub> =58	L <sub>DVN</sub> =58	L <sub>DVN</sub> =67	L <sub>DVN</sub> =57	L <sub>DVN</sub> =58	L <sub>DVN</sub> =68	L <sub>DVN</sub> =73

Legend: L<sub>D</sub> – daily noise level, L<sub>V</sub> – evening noise level, L<sub>N</sub> – night noise level, L<sub>DVN</sub> – noise level day – evening – night

Level of noise 2017, with respect to the equivalent period last year towards Ankaran and Bertoki remained unchanged, whilst it increased towards Koper.

Main sources of noise in the Port of Koper nevertheless remain due to the goods handling operations and due to numerous construction sites. A significant source of noise in the port is attributable to the vessels, which due to ensuring smooth operation, must keep engines running.

## 13.6 Energy

In the first half of 2017, a new central lighting control system became operational, which will be progressively extended to all lighting in the Port. A new lighting systems enables the control on a single light.

Within the EU project ELEMED Luka Koper started to study the technical options of connecting vessels to the power network, while moored in the port.

### 13.6.1 Consumption of energy and water

Slightly higher consumption of the motor fuel in the first half of 2017 in comparison with 2016, is mainly due to the increased throughput at the Container terminal and General cargoes terminal.

### Specific consumption of energy and water per handled tonne of the total throughput <sup>21</sup>, January – June 2017 and 2016

	1 – 6 2017	1 – 6 2016	INDEX 2017/2016
Electricity consumption ( kWh/t)	0.649	0.622	104
Motor fuel consumption (l/t)	0.136	0.134	101
Potable water consumption (l/t)	3.55	3.26	109

#### Electricity consumption

In the port's activity, the mechanisation and equipment with large rated power are used and this results in a major consumption of the electric power. Among major consumers in the port are primarily quay cranes, food stuff cold storage rooms at the the Reefer terminal lighting and power supply to the reefer containers. In the first half of 2017, the largest consumer of the electric power was the Container terminal.

#### Motor fuel consumption

A lot of ground mechanisation, powered by diesel fuel is used in the port's working processes. The major consumers are rubber tired gantry cranes RtGs, terminal tractors, reach stackers, railway track vehicles, forklifts and tractors. In the first half of 2017, the major consumer of the motor fuel was the Container terminal.

#### Water

The company pays a great attention to the water as a vital good and for this reasons numerous safety and treatment actions are implemented. Since the water is used mainly for sanitary purposes and for the supply of vessels, the concern for an adequate purity of water is important.

#### Potable water

The consumption of the potable water does not depend directly on the throughput. Due to a growing occupancy of the port and a large number of trucks additional leakages on the water distribution network occur.

#### Waste water

In the port mainly urban waste waters are generated and to a lower extent industrial waste water. Generated industrial waste waters and prior to the discharge they are adequately treated in own waste water treatment plants, urban waste waters mainly in the Koper central waste treatment plant. In the first half of 2017, the measurements of the industrial waste waters generated within the port have not been yet performed.

<sup>21</sup>Total throughput = maritime throughput + stuffing/unstuffing of containers + land transshipment

## 13.7 Effects of lighting

In accordance with regulations for safe work, Luka Koper d.d. ensures proper lighting, which is required for continuous performance of work processes. Unfortunately, the lighting, which illuminates warehousing areas, working sites, transport routes and tracks at night is the source of environmental pollution

After years of phase coordination and changes of the existing external port's lighting in accordance with the provisions of the law, the light flux is not lit up, the lighting is completed and fully harmonised.

## 13.8 Marine protection

Pursuant to the provisions of the Concession Agreement for the performance of port activity, management, development and regular maintenance of port's infrastructure in the Koper's cargo port area, Luka Koper, d.d. regularly takes care to prevent and remove the consequences of the sea pollution. To carry out such activities we need special equipment, boats and skilled staff. We therefore regularly train the staff, provide training and drills. In exceptional events at sea Luka Koper d.d. takes measures in compliance with the valid Protection and rescuing plan of Luka Koper, d.d. in case of industrial accidents.

In the first half of 2017, 8 incidents were recorded in the Port's aquatorium. In all cases, measurements were taken in accordance to the activation scheme of forces and resources for minor accident, and the consequences of pollution were successfully dealt with within the concession area.

### Statistical data on intervention at sea, January – June 2017 in 2016

	1 – 6 2017	1 – 6 2016	INDEX 2017/2016
Number of accidents at sea	8	17	47
Number of interventions in the Port's aquatorium	5	14	36
Number of incidents not requiring intervention	3	3	100
Number of pollution incidents outside the Port's aquatorium	0	0	-

The results of measurements from the modern measuring station for monitoring of the sea quality, which is installed at the entrance into the Port Basin III, are published on the website [www.zivetispristaniscem.si](http://www.zivetispristaniscem.si).

## 14 Human resources

Thanks to their knowledge, energy and eagerness for work Luka Koper Group employees demonstrate their collective commitment and contribution to create the company's future in partnership. The activity of Luka Koper requires flexible approach to the work organisation, therefore the employees have to conform to the need of the business environment and the community.

Skilled and motivated staff is strategic wealth and the condition for the development plans implementation. Cooperation, responsibility, respect, commitment and creativity of every individual are the values the Group implements in the practice.

### 14.1 Recruitment, turnover rate and employment structure

As at 30 June 2017, Luka Koper Group 1,090 employees, which is 35 employees more than as at 30 June 2016 resp. 3-percent increase. The recruitment continues its upward trend and mainly results from the recruitment in Luka Koper, d. d.

In the first half of 2017, 35 employees were recruited in Luka Koper Group, whereof 32 in Luka Koper, d. d., which is a year-on increase. New recruitments were mainly related to the needs of the core activity of transshipment and warehousing in Luka koper, d. d.

#### Number of employees in Luka Koper Group companies and in Luka Koper Group

	30.06.2017	30.06.2016	Index 2017/2016
Luka Koper, d. d.	909	866	105
Luka Koper INPO, d. o. o.	151	159	95
Luka Koper Pristan, d. o. o.	4	4	100
Adria Terminali, d. o. o.	22	22	100
TOC, d. o. o.	4	4	100
<b>Luka Koper Group</b>	<b>1,090</b>	<b>1,055</b>	<b>103</b>



### Comparison between recruitment, termination and the turnover rate

	Number of new recruitments		Number of departures		TURNOVER RATE (in %) <sup>22</sup>	
	1 – 6 2017	1 – 6 2016	1 – 6 2017	1 – 6 2016	1 – 6 2017	1 – 6 2016
Luka Koper, d. d.	32	21	9	7	1.0	0.8
Luka Koper Group	35	27	13	9	1.2	0.8

The number of employees' departures from Luka Koper Group was a little bit higher than last year, but still low. Among the reasons of the termination of the employment relationship retirements on grounds of age.

In the first half of 2017, the staff turnover in Luka Koper Group was a little bit higher than in the equivalent period last year, but still low.

In comparison with the previous year, the education structure of Luka Koper Group improved. This was essentially affected by a large number of completed part-time studies due to the statutory set deadlines for the completion of pre- Bologna reform programmes.

## 14.2 Occupational health and safety

Health and safety at work in accordance with the guidelines of the BS OHSAS 18001, Luka Koper, d. d., are approved by internal and external audits. Likewise, the modifications of the international standard ISO 45001 are followed through various external trainings in order to be prepared for the transition when the standard is approved.

The company is striving to implement preventive actions with trainings, additional education, raising of the awareness of employees' and other persons present in the port. Each severe and recurrent injury is examined and adequate actions are taken in order to prevent any recurrence of similar incidents.

<sup>22</sup> Method for calculating turnover rate = number of departures/(initial number of employees + new recruitments) x100

### Injuries at work

Parties involved	1 – 6 2017		1 – 6 2016	
	Total injuries	whereof major injuries	Total injuries	whereof major injuries
Luka Koper, d. d.	3	0	7	0
Performers of port services	36	1	20	0
External contractors	11	0	3	1
Subsidiaries	8	0	2	0

Currently, the objective of maximum 18 occupational injuries per million hours worked at Luka Koper, d. d. has been achieved, since in the first half of 2017, the indicator shows 19.3 injuries per million hours worked.

In the first half of 2017, one major injury occurred at work and respectively by one of performers of port services. Therefore, the goal set for 2017, i.e. 0 major injuries will not be achieved. In the first half of 2017, 21 preventive rounds and 40 extraordinary controls of occupational safety in the port's zone.

### 14.3 Education, training and development of employees

In the first half of 2017, Luka Koper Group provided on average 7.5 hours of training per employee, whereby Luka Koper, d. d., 9.5 hours, which is a little decrease in comparison with the previous year. 73 percent of training were in-house trainings, particularly management skills and communication for managers at all company's levels, foreign languages, trainings for management of port machinery, training for promoting health in the workplace, information security and emergencies, transport of dangerous goods and preventive maintenance. 70 percent of employees of Luka Koper Group were involved in trainings.

Luka Koper, d. d., and Adria Terminali, d. o. o., successfully submitted an application to the Slovene human resources development and scholarship fund within the framework of Competency centers (Competency center Logins composed of 17 partnership companies).

Luka Koper Group financed 15 employees' studies, which is with aim to obtain higher level of education resp. specific educational training, internal call for proposals for new co-financing of employees' studies was published.

Luka Koper, d. d., allocated two scholarships for the academic year 2016/17.

## 15 Commitment to the community

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Due to its core business, Luka Koper is heavily involved in the local environment, and therefore uses its best endeavours to act for the benefit of people and takes care to boost the quality of life and living in the local environment. With external stakeholders it cooperates in various areas, from education, sport, culture and other activities.

In the first half of 2017, Luka Koper allocated EUR 257.4 thousand for sponsorships and donations, which is a decrease in comparison with the equivalent period in 2016, since in February 2017 the company terminated the contract with the football club. The sponsorship contract with FC Koper represented more than half of funds for sponsorships and donations the company planned for 2017.

Besides direct support to single receivers of sponsorships and donations, in compliance with the strategy and internal acts, the company allocated available funds through the "Living with the Port" fund. 268 applications for the January call for proposals which were evaluated on the basis of published criteria. 211 projects covering sport, culture, education, ecology, humanitarian activities etc., were selected.

Luka Koper strives for good relationships with all stakeholders in its environment. For this purpose, the company promptly and transparently communicates directly and indirectly via Port's gazette, via company's website, social networks, via Ljubljana Stock Exchange website and other media. In May 2017, Luka Koper, d.d. organised the traditional Port's day and the visit of the port and port's processes and invited the interested. As promoter, the company contributed to the establishment of the work group with the Municipality of Koper, which will contribute to better mutual information and resolution of eventual conflicts. The work group is composed of environmental protection experts and investments experts, if necessary the group will be also joined by experts from other fields. The company has been agreeing a similar approach also with the Municipality of Ankaran. Tolerant and constructive dialogue with the local community was also the purpose of the meeting held in June 2017, in occasion of which Luka Koper presented development plans to municipal councillors, heads of municipality offices and to representatives of local communities.

In 2017, Luka Koper is celebrating its 60<sup>th</sup> anniversary. A number of events are prepared all year round and for different publics. The jubilee celebration was inaugurated by an exposition in occasion of the Slovenian Maritime Day, which was nominated 'From Sv. Andrej to Sv. Katarina'. The exposition shows a rich port's history, its founders and successful development and it was also held in Ljubljana, at the National Assembly. Also a photo exhibition «In the harbour», of the photographer Nataša Segulin, who captured details of the Port of Koper, was organised in the capital. In the framework of the sponsorship cooperation, the company supported also the project of the Philatelic association Koper,

which issued the jubilee postcard, postage stamp and stamp in occasion of the 60<sup>th</sup> anniversary of Luka Koper, d. d.

## ACCOUNTING REPORT

### 16 Separate Financial Statements of Luka Koper, d. d.

#### 16.1 Separate Income Statement

(in EUR)	1-6 2017	1-6 2016
Revenue	105,542,678	96,367,329
Other income	505,666	613,974
Cost of material	-7,304,110	-6,499,155
Cost of services	-26,792,430	-25,338,605
Employee benefits expense	-23,743,915	-22,685,032
Amortisation and depreciation expenses	-12,769,555	-12,826,784
Other operating expenses	-4,486,000	-3,935,644
<b>Operating profit</b>	<b>30,952,334</b>	<b>25,696,083</b>
Finance income	1,804,361	1,595,500
Finance expenses	-748,577	-1,297,763
<b>Profit or loss from financing activity</b>	<b>1,055,784</b>	<b>297,737</b>
<b>Profit before tax</b>	<b>32,008,118</b>	<b>25,993,820</b>
Income tax expense	-4,605,408	-4,062,815
Deferred taxes	-283,555	-5,362
<b>Net profit for the period</b>	<b>27,119,155</b>	<b>21,925,643</b>

## 16.2 Separate Statement of Other Comprehensive Income

(in EUR)	1-6 2017	1-6 2016
<b>Profit for the period</b>	<b>27,119,155</b>	<b>21,925,643</b>
Change in revaluation surplus of available-for-sale financial assets	1,942,236	-2,444,159
Deferred tax on revaluation of available-for-sale financial assets	-369,025	428,699
Change in fair value of cash flow hedging instruments	158,117	254,488
Deferred tax on the change in fair value of cash flow hedging instruments	-30,042	-43,263
Item that are or may be reclassified subsequently to profit or loss	1,701,286	-1,804,235
<b>Total comprehensive income for the period</b>	<b>28,820,441</b>	<b>20,121,408</b>

### 16.3 Separate Statement of the Statement of Financial Position

(in EUR)	30 Jun 2017	31 Dec 2016
<b>ASSETS</b>		
Property, plant and equipment	374,899,644	358,594,707
Investment property	29,852,741	29,918,504
Intangible assets	3,443,206	3,761,498
Shares and interests in Group companies	4,533,063	4,533,063
Shares and interests in associates	6,737,709	6,737,709
Other non-current investments	29,281,099	27,338,863
Deposits and loans given	26,836	31,005
Non-current operating receivables	41,772	41,772
Deferred tax assets	8,415,918	9,098,541
<b>Non-current assets</b>	<b>457,231,988</b>	<b>440,055,662</b>
Inventories	946,981	809,467
Deposits and loans given	148,267	68,123
Trade and other receivables	43,951,116	31,015,578
Cash and cash equivalents	3,887,944	983,305
<b>Current assets</b>	<b>48,934,308</b>	<b>32,876,473</b>
<b>TOTAL ASSETS</b>	<b>506,166,296</b>	<b>472,932,135</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	129,035,652	129,035,652
Reserves arising from valuation at fair value	8,786,311	7,085,026
Retained earnings	27,840,758	20,321,603
<b>Equity</b>	<b>313,646,389</b>	<b>304,425,949</b>
Provisions	4,196,032	4,265,164
Deferred income	14,215,146	12,334,719
Non-current loans and borrowings	106,886,474	113,900,739
Other non-current financial liabilities	261,755	419,873
Non-current operating liabilities	888,724	693,924
<b>Non-current liabilities</b>	<b>126,448,131</b>	<b>131,614,419</b>
Current loans and borrowings	13,582,399	11,761,732
Other current financial liabilities	19,847,021	250,564
Income tax liabilities	641,537	1,960,528
Trade and other payables	32,000,819	22,918,943
<b>Current liabilities</b>	<b>66,071,776</b>	<b>36,891,767</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>506,166,296</b>	<b>472,932,135</b>

## 16.4 Separate Statement of Cash Flows

(in EUR)	1-6 2017	1-6 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>27,119,155</b>	<b>21,925,643</b>
<b>Adjustments for:</b>		
Amortisation/Depreciation	12,769,555	12,826,784
Reversal and impairment losses on property, plant and equipment, and intangible assets	522,914	23,970
Gain on sale of property, plant and equipment, and investment property	-91,836	-30,082
Allowances for receivables	77,997	132,812
Collected written-off receivables and liabilities	-98,490	-157,047
Finance income	-1,804,361	-1,595,498
Finance expenses	748,577	1,297,763
Income tax expense and income (expenses) from deferred taxes	4,888,963	4,068,177
<b>Profit before change in net current operating assets and taxes</b>	<b>44,132,474</b>	<b>38,492,522</b>
Change in operating receivables	-12,342,497	-3,963,476
Change in inventories	-137,514	-107,483
Change in operating liabilities	9,276,676	2,255,982
Change in provision	-48,712	-73,249
Change in non-current deferred income	1,880,358	-604,161
<b>Cash generated in operating activities</b>	<b>42,760,785</b>	<b>36,000,135</b>
Interest expenses	-701,938	-1,297,763
Tax expenses	-5,924,399	-5,327,511
<b>Net cash from operating activities</b>	<b>36,134,448</b>	<b>29,374,861</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	79,758	81,626
Dividends received and share of profits – subsidiaries	639,597	661,171
Dividends received and share of profits – associates	570,000	700,000
Dividends received and share of profits – other companies	9,832	152,239
Proceeds from sale of property, plant and equipment, and intangible assets	91,836	30,083
Proceeds from sale, less investments and loans given	8,051	281,383
Acquisition of property, plant and equipment, and intangible assets	-29,213,351	-27,448,305
Acquisition of investments, increase in loans given	-80,000	-310
<b>Net cash used in investing activities</b>	<b>-27,894,277</b>	<b>-25,542,113</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from non-current borrowings	0	3,400,000
Repayment of current borrowings	-5,335,532	-4,187,991
<b>Net cash used in financing activities</b>	<b>-5,335,532</b>	<b>-787,991</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,904,639</b>	<b>3,044,757</b>
Opening balance of cash and cash equivalents	983,305	5,188,569
<b>Closing balance of cash and cash equivalents</b>	<b>3,887,944</b>	<b>8,233,326</b>



## 16.5 Separate Statement of Changes in Equity

Year 2017

(in EUR)	Reserves arising on valuation at fair value								Total equity
	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Investments	Financial instruments	Actuarial gains/losses	
<b>Balance at 31 Dec 2016</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>110,270,537</b>	<b>20,321,603</b>	<b>8,333,091</b>	<b>-340,097</b>	<b>-907,968</b>	<b>304,425,949</b>
<b>Changes of equity – transactions with owners</b>									
Other changes in equity	0	0	0	0	-19,600,000	0	0	0	-19,600,000
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-19,600,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-19,600,000</b>
<b>Total comprehensive income for the period</b>	0								
Profit for the period	0	0	0	0	27,119,155	0	0	0	27,119,155
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	1,573,210	0	0	1,573,210
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	128,075	0	128,075
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27,119,155</b>	<b>1,573,210</b>	<b>128,075</b>	<b>0</b>	<b>28,820,440</b>
<b>Balance at 30 Jun 2017</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>110,270,537</b>	<b>27,840,758</b>	<b>9,906,301</b>	<b>-212,022</b>	<b>-907,968</b>	<b>313,646,389</b>

## Year 2016

(in EUR)	Reserves arising on valuation at fair value								Total equity
	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Investments	Financial instruments	Actuarial gains/losses	
<b>Balance at 31 Dec 2015</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>89,979,979</b>	<b>15,880,814</b>	<b>12,035,713</b>	<b>-861,126</b>	<b>-936,685</b>	<b>282,847,478</b>
<b>Total comprehensive income for the period</b>	0								
Profit for the period	0	0	0	0	21,925,643	0	0	0	21,925,643
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	-2,015,460	0	0	-2,015,460
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	211,225	0	211,225
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,925,643</b>	<b>-2,015,460</b>	<b>211,225</b>	<b>0</b>	<b>20,121,408</b>
<b>Balance at 30 Jun 2016</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>89,979,979</b>	<b>37,806,457</b>	<b>10,020,253</b>	<b>-649,901</b>	<b>-936,685</b>	<b>302,968,886</b>

## 17 Notes to the Separate Financial Statements

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Luka Koper, d. d., a port operator and logistic provider, (hereinafter: Company) with registered office at Vojkovo nabrežje 38, Koper, in Slovenia, is the controlling company of the Luka Koper Group.

The company's Financial Statements are compiled for January – June 2017 resp. as at 30 June 2017.

### Statement of compliance

The interim Report has been compiled in accordance with the International Accounting standards 34 – Interim Financial Reporting. The company's financial statements have been compiled in accordance with International Reporting Standards as adopted by the International Accounting Standards (IASB) and European Union and in compliance with Companies Act RS.

### Basis for the compilation of financial statements

The financial statements have been compiled in euros (EUR), rounded to the nearest unit. Through these separated financial statements, Luka Koper, d. d. wants to provide the broadest sphere of users information on the company's performance from January – June 2017, in comparison with data for the previous year, together with the company's financial position as of 30 June 2017 in comparison with 31 December 2016.

The non-audited financial statement of Luka Koper, d. d., for the reporting period are compiled with the same accounting policies and principles that were applicable in 2016.

## 18 Additional Notes to the Statement of Financial Position

### Revenue

(in EUR)	1-6 2017	1-6 2016
<b>Revenue generated on sales with domestic customers</b>	<b>33,173,874</b>	<b>31,070,647</b>
- services	32,460,363	30,363,436
- goods and material	15,100	3,429
- rentals	698,411	703,782
<b>Revenue generated on sales with foreign customers</b>	<b>72,368,804</b>	<b>65,296,682</b>
- services	72,367,003	65,264,881
- rentals	1,801	31,801
<b>Total</b>	<b>105,542,678</b>	<b>96,367,329</b>

### Other income

(in EUR)	1-6 2017	1-6 2016
<b>Other operating income</b>	<b>190,326</b>	<b>187,128</b>
<b>Revaluation operating income</b>	<b>190,326</b>	<b>187,128</b>
Income on sale of property, plant and equipment and investment property	91,836	30,082
Collected written-off receivables and written-off liabilities	98,490	157,046
<b>Other income</b>	<b>315,340</b>	<b>426,846</b>
Compensations and damages	185,357	186,455
Subsidies and other income not related to services	108,802	-25,461
Other income	21,181	265,852
<b>Total</b>	<b>505,666</b>	<b>613,974</b>

### Cost of material

(in EUR)	1-6 2017	1-6 2016
Cost of auxiliary material	943,292	1,056,469
Cost of spare parts	2,474,419	2,266,584
Cost of energy	3,602,896	2,931,059
Cost of office stationary	77,012	66,570
Other cost of material	206,491	178,473
<b>Total</b>	<b>7,304,110</b>	<b>6,499,155</b>

**Cost of services**

(in EUR)	1-6 2017	1-6 2016
Port services	14,401,272	12,535,933
Cost of transportation	131,482	154,651
Cost of maintenance	3,259,241	4,114,017
Rentals	202,033	418,511
Reimbursement of labour-related costs	170,247	192,210
Costs of payment processing, bank charges and insurance premiums	354,545	356,341
Cost of intellectual and personal services	334,697	339,260
Advertising, trade fairs and hospitality	433,510	549,166
Costs of services provided by individuals not performing business activities	135,669	139,644
Sewage and disposal services	416,316	408,793
Information support	1,413,999	1,524,001
Concession-related costs	3,610,085	3,241,201
Costs of other services	1,929,334	1,364,877
<b>Total</b>	<b>26,792,430</b>	<b>25,338,605</b>

Higher cost of port's services and concession costs are attributable to the increased throughput and higher revenue in comparison with the equivalent period last year.

**Employee benefits expense**

(in EUR)	1-6 2017	1-6 2016
Wages and salaries	16,260,285	15,603,650
Wage compensations	2,028,046	1,867,727
Costs of additional pension insurance	714,864	695,718
Employer's contributions on employee benefits	2,993,561	2,880,044
Annual holiday pay, reimbursements and other costs	1,747,159	1,637,893
<b>Total</b>	<b>23,743,915</b>	<b>22,685,032</b>

**Amortisation and depreciation expense**

(in EUR)	1-6 2017	1-6 2016
Depreciation of buildings	6,308,467	6,157,484
Depreciation of equipment and spare parts	5,815,856	6,031,630
Depreciation of small tools	10,784	10,552
Depreciation of investment property	316,156	311,993
Amortisation of intangible assets	318,292	315,125
<b>Total</b>	<b>12,769,555</b>	<b>12,826,784</b>

**Other operating expenses**

(in EUR)	1-6 2017	1-6 2016
Impairment costs, write-offs and losses on property, plant and equipment, and investment property	522,914	23,970
Expenses for allowances for receivables	77,997	132,812
Levies that are not contingent upon employee benefits expense and other types of cost	3,432,877	3,349,040
Donations	78,950	104,651
Environmental levies	40,988	39,313
Awards and scholarship to students inclusive of tax	8,751	9,991
Awards and scholarship to students	4,400	4,460
Other costs and expenses	319,123	271,407
<b>Total</b>	<b>4,486,000</b>	<b>3,935,644</b>

Charges not depending on labour costs and other costs in the amount EUR 3,432,594, are substantially related to the use of building land in the amount of EUR 3,311,350.

**Finance income and expenses**

(in EUR)	1-6 2017	1-6 2016
<b>Finance income from shares and interests</b>	<b>1,729,794</b>	<b>1,513,411</b>
Finance income from shares and interests in Group companies	652,780	661,172
Finance income from shares and interests in associates	993,808	700,000
Finance income from shares and interests in other companies	9,832	152,239
Finance income from other investments	73,374	0
<b>Finance income - interest</b>	<b>1,270</b>	<b>10,941</b>
Interest income - Group companies	549	722
Interest income - other	721	10,219
<b>Finance income from operating receivables</b>	<b>73,297</b>	<b>71,148</b>
Finance income from operating receivables due from others	73,297	71,148
<b>Total finance income</b>	<b>1,804,361</b>	<b>1,595,500</b>
<b>Finance expense from investments</b>	<b>-73,374</b>	<b>0</b>
<b>Finance expenses - interest</b>	<b>-639,456</b>	<b>-1,264,776</b>
Interest expenses - Group companies	-87,540	-66,205
Interest expenses - associates and jointly controlled entities	0	-3,926
Interest expenses - banks	-551,916	-1,194,645
<b>Finance expenses for financial liabilities</b>	<b>-35,747</b>	<b>-32,987</b>
Finance expenses for trade payables	-227	-5
Finance expenses for other operating liabilities	-35,520	-32,982
<b>Total finance expenses</b>	<b>-748,577</b>	<b>-1,297,763</b>
<b>Net financial result</b>	<b>1,055,784</b>	<b>297,737</b>

### Profit

In January – June 2017, Luka Koper, d.d., generated the profit in the amount of EUR 30,952,334, in the comparable period last year EUR 25,696,083. The financial result was positive, and amounted to EUR 1,055,784, likewise it was positive in the comparable period last year, when it amounted to EUR 297,737. The profit before tax amounted to EUR 32,008,118, in the equivalent period last year it amounted to EUR 25,993,820. The company concluded the first half of the year with net profit in the amount of EUR 27,119,155, whilst the net profit in the comparable period last year amounted to EUR 21,925,643. Income tax in the amount of EUR 4,605,408 and deferred tax in the amount of EUR 283,555 have also been taken into account.

(in EUR)	30 Jun 2017	30 Jun 2016
Net profit for the period	27,119,155	21,925,643
Total number of shares	14,000,000	14,000,000
Number of ordinary shares	14,000,000	14,000,000
<b>Basic and diluted earnings per share</b>	<b>1.94</b>	<b>1.57</b>

As at 30 June 2017, the net earning per share amounted to EUR 1,94, whilst as at 30 June 2016, it amounted to EUR 1,57.

## 19 Additional Notes to the Separate Statement of Financial Position

### Property, plant and equipment

(in EUR)	30 Jun 2017	31 Dec 2016
Land	15,117,508	15,086,203
Buildings	234,401,663	226,377,007
Plant and machinery	80,706,953	52,370,362
Property, plant and equipment being acquired and advances given	44,673,520	64,761,135
<b>Total</b>	<b>374,899,644</b>	<b>358,594,707</b>

In the reporting period, the company invested in property, plant and equipment in the amount of EUR 29.213.351. Major investments were the following:

- STS cranes,
- RMG cranes,
- E-RTG cranes,
- further construction of the multipurpose warehouse and
- further set-up of stacking areas.

### Investment property

(in EUR)	30 Jun 2017	31 Dec 2016
Investment property - land	18,160,734	18,160,734
Investment property - buildings	11,692,007	11,757,770
<b>Total</b>	<b>29,852,741</b>	<b>29,918,504</b>

### Intangible assets

(in EUR)	30 Jun 2017	31 Dec 2016
Non-current property rights (concessions, patents, licences, trademarks and similar rights)	3,443,206	3,761,498
<b>Total</b>	<b>3,443,206</b>	<b>3,761,498</b>

Intangible assets of Luka Koper, d. d., account for rights, industrial property and other rights, comprising software, information systems and development-project programmes.



### Shares and interests in Group companies

As at 30 June 2017, shares and interests in Group companies amounted to EUR 4,533,063 and were at the same level as at 31 December 2016.

### Shares and interests in the associates

Shares and interests in associated companies as at 30 June 2017 amounted to EUR 6,737,709 and stayed at the same level as at 31 December 2016.

On 6 January 2017 the bankruptcy procedure of the company Golf Istra – in bankruptcy, d. o. o., 20-percent owned by the company, was terminated. Already in the past the company established the value adjustment for the total value of the investment.

### Other non-current investments

(in EUR)	30 Jun 2017	31 Dec 2016
Other investments measured at cost	928,827	928,827
Other investments measured at fair value through equity	28,352,272	26,410,036
<b>Total</b>	<b>29,281,099</b>	<b>27,338,863</b>

### Deferred tax

(in EUR)	Deferred tax assets		Deferred tax liabilities	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
<b>Deferred tax assets and liabilities relating to:</b>				
impairment of investments in subsidiaries	415,238	572,368	0	0
impairment of investments in associates	0	17,575	0	0
impairment of other investments and deductible temporary differences arising on securities	9,327,459	9,334,430	2,323,701	1,954,676
financial instruments	49,733	79,776	0	0
allowances for trade receivables	225,729	225,729	0	0
provisions for retirement benefits	220,745	318,854	0	0
provisions for jubilee premiums	46,732	50,502	0	0
long-term accrued costs and deferred income from public commercial services	453,983	453,983	0	0
<b>Total</b>	<b>10,739,619</b>	<b>11,053,217</b>	<b>2,323,701</b>	<b>1,954,676</b>

Off-set with deferred tax liabilities relating to impairment of other investments and deductible temporary differences arising on securities	-2,323,701	-1,954,676	-2,323,701	-1,954,676
<b>Total</b>	<b>8,415,918</b>	<b>9,098,541</b>	<b>0</b>	<b>0</b>

### Inventories

As at 30 June 2017, inventories were recorded at EUR 946,981, whilst at the end of 2016, they amounted to EUR 809,467. A major part of these inventories is related to the maintenance and spare parts in the amount of EUR 583,910 and the overhead and auxiliary material in the amount of EUR 316,316.

### Trade and other receivables

(in EUR)	30 Jun 2017	31 Dec 2016
Current trade receivables:		
domestic costumers	15,747,210	16,874,156
foreign costumers	20,803,299	10,610,265
Current operating receivables due from Group companies	536,790	50,291
Current operating receivables due from associates	6,456	44,443
<b>Current trade receivables</b>	<b>37,093,755</b>	<b>27,579,155</b>
Current receivables due from dividends	536,991	50,000
Advances and collaterals given	42,812	4,083
Current receivables related to finance income	7,436	2,245
Receivables due from the state	2,216,166	2,506,533
Other current receivables	72,165	125,106
<b>Total trade receivables</b>	<b>39,969,325</b>	<b>30,267,122</b>
Short-term deferred costs and expenses	3,873,121	371,498
Accrued income	108,670	376,958
<b>Other receivables</b>	<b>3,981,791</b>	<b>748,456</b>
<b>Total</b>	<b>43,951,116</b>	<b>31,015,578</b>

As at 30 June 2017, the Group pledged receivables in connection with collateralising bank loan in the amount of EUR 3,500,000. On the reporting date, these receivables amounted to EUR 134,581.

Current trade receivables increased in comparison with the balance as at 31 December 2016. The increase of current trade receivables resulted from the higher realisation and higher invoiced excise duties.

Among other receivables the company classifies short-term deferred costs and expenses in the amount of EUR 3,873,121. Short-term deferred costs refer to insurances, annual holiday pay, loan costs and future compensations for the use of the building site, which are primarily contributed to the increase of this item.

**Cash and cash equivalents**

(in EUR)	30 Jun 2017	31 Dec 2016
Cash in hand	79	46
Bank balances	3,887,865	983,259
<b>Total</b>	<b>3,887,944</b>	<b>983,305</b>

**Equity**

(in EUR)	30 Jun 2017	31 Dec 2016
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	129,035,652	129,035,652
<i>Legal reserves</i>	<i>18,765,115</i>	<i>18,765,115</i>
<i>Other revenue reserves</i>	<i>110,270,537</i>	<i>110,270,537</i>
Reserves arising from valuation at fair value	8,786,311	7,085,026
Retained earnings	721,603	31,045
Net profit for the period	27,119,155	20,290,558
<b>Equity</b>	<b>313,646,389</b>	<b>304,425,949</b>

**Provisions**

(in EUR)	30 Jun 2017	31 Dec 2016
Provisions for retirement benefits and similar obligations	2,815,541	2,884,673
Provisions for legal disputes	1,380,491	1,380,491
<b>Total</b>	<b>4,196,032</b>	<b>4,265,164</b>

**Deferred income**

(in EUR)	30 Jun 2017	31 Dec 2016
Long-term deferred income for regular maintenance	9,824,090	7,987,214
Long-term deferred income	4,391,056	4,347,505
<b>Total</b>	<b>14,215,146</b>	<b>12,334,719</b>

**Non-current loans and borrowings**

(in EUR)	30 Jun 2017	31 Dec 2016
Non-current financial liabilities to Group companies	16,000,000	16,000,000
Non-current borrowings from domestic banks	60,476,638	66,383,117

Non-current borrowings from foreign banks	30,409,836	31,517,622
<b>Total</b>	<b>106,886,474</b>	<b>113,900,739</b>

Non-current financial liabilities from borrowings at 30 June 2017 were lower in comparison to the balance as at 31 December 2016, and namely due to the transfer of a share of liabilities to current liabilities and due to the reclassification of loan costs among other receivables.

#### Other non-current financial liabilities

(in EUR)	30 Jun 2017	31 Dec 2016
Other non-current financial liabilities	261,755	419,873
<b>Total</b>	<b>261,755</b>	<b>419,873</b>

Other non-current financial liabilities are related to the fair value of the interest swap of the company.

#### Non-current operating liabilities

(in EUR)	30 Jun 2017	31 Dec 2016
Non-current collaterals received for leased premises	888,724	693,924
<b>Total</b>	<b>888,724</b>	<b>693,924</b>

#### Current borrowings

(in EUR)	30 Jun 2017	31 Dec 2016
Current borrowings from domestic banks	11,287,317	9,466,650
Current borrowings from foreign banks	2,295,082	2,295,082
<b>Total</b>	<b>13,582,399</b>	<b>11,761,732</b>

As at 30 June 2017, the current financial liabilities for borrowings were higher in comparison to the balance as at 31 December 2016, and namely as the net effect of the transfer of a share of liabilities from non-current to current liabilities and repayment of loan principal.

#### Current loans and borrowings

(in EUR)	30 Jun 2017	31 Dec 2016
Other current financial liabilities	19,847,021	250,564
<b>Total</b>	<b>19,847,021</b>	<b>250,564</b>

As at 30 June 2017, other current financial liabilities in the amount of EUR 19,847,021 (as at 31 December 2016 they amounted to EUR 250,564) accounted for liabilities for the payout of dividends, liabilities for interests and liabilities for the payment of interest swap, established in compliance with the strategy of management of interest rate risk of the parent company.

In accordance with the decision of the General Shareholders Meeting held on 30 June 2017, the company will allocate EUR 19,600,000 for the payout of dividends in 2017.

### Trade and other payables

(in EUR)	30 Jun 2017	31 Dec 2016
Current liabilities to:		
domestic suppliers	15,094,680	12,787,935
foreign suppliers	3,738,300	342,852
Current liabilities to Group companies	763,475	570,253
Current liabilities to associates	147,915	145,110
<b>Current trade payables</b>	<b>19,744,370</b>	<b>13,846,150</b>
Current liabilities from advances	239,382	19,234
Current liabilities to employees	3,303,769	3,190,575
Current liabilities to state and other institutions	1,543,836	915,307
<b>Total operating liabilities</b>	<b>24,831,357</b>	<b>17,971,266</b>
Accrued costs	7,169,462	4,947,677
<b>Other operating liabilities</b>	<b>7,169,462</b>	<b>4,947,677</b>
<b>Total</b>	<b>32,000,819</b>	<b>22,918,943</b>

In comparison to 31 December 2016, trade and other receivables increased. The increase of current liabilities to suppliers resulted from higher liabilities for investments in the infrastructure and liabilities for the reinvoiced excise duty.

The accrued costs comprise primarily the liabilities for unused annual holiday, accrued commercial discounts, concession costs, costs of costs of 13<sup>th</sup> month salary, and collective job performance and interest charges.

### Contingent liabilities

(in EUR)	30 Jun 2017	31 Dec 2016
Guarantees given	1,610,000	1,560,000
Securities given	4,949,519	7,235,468
Contingent liabilities under legal disputes	93,809	93,809
Approved borrowing	54,700,000	54,700,000
<b>Total contingent liabilities</b>	<b>61,353,328</b>	<b>63,589,277</b>

## Related party transactions

### Transactions with subsidiaries and associates

In January – June 2017 several legal actions were performed among the associated companies within Luka Koper Group, in which the parent company acted as the buyer, supplier, lessor or in other role. The legal base for these transactions were various contracts, order, offers and similar, for which market terms used for the transactions with unrelated parties, were applied.

### Sale, purchase, finance income and expenses with subsidiary and associated companies

(v evrih)	1-6 2017	1-6 2016
Sale to subsidiaries	407.187	1.005.892
Sale to associates	337.944	334.308
Purchase from subsidiaries	3.018.018	2.333.675
Purchase from associates	631.140	593.112
Finance income from shares and interests in subsidiaries	652.780	661.171
Finance income from shares and interests in associates	993.808	700.000
Finance income from loans to subsidiaries	549	721
Finance expenses for liabilities to subsidiaries	87.540	66.205
Finance expenses for liabilities to associates	0	3.926

### Receivables and liabilities to subsidiary and associated companies

(v evrih)	30. 6. 2017	31. 12. 2016
Trade and other receivables due from subsidiaries	535.743	50.291
Trade and other receivables due from associates	530.264	94.443
Operating liabilities to subsidiaries	764.787	570.253
Operating liabilities to associates	147.915	145.110
Loans to subsidiaries	140.000	60.000
Borrowings from subsidiaries	16.000.000	16.000.000

All transactions with related parties were performed under market terms.

### Transactions with the Government of the Republic of Slovenia

Transactions between Luka Koper, d. d. and the Government of the Republic of Slovenia in period of January – June 2017 included following transaction:

(in EUR)	Payments in 1-6 2017	Costs/expenses in 1-6 2017
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Concessions and water reimbursement	2,960,312	3,610,085
Corporate income tax (taxes and advance payments)	5,924,399	4,605,408
Other taxes and contributions	2,806,178	2,993,561
<b>Total</b>	<b>11,690,890</b>	<b>11,209,054</b>

As at 30 June 2017, the Company disclosed liability arising from dividends in the total amount of EUR 19,600,000, where the cut-off date for the payment is 30 August 2017. If in the period from 30 June 2017 until the cut-off date, will be no changes in the ownership structure to the Government of the Republic of Slovenia belong the dividend in the amount of EUR 9,996,000, SDH, d. d. in EUR 2,181,000 and Kapitalska družba, d. d. in EUR 975,211.

No other transactions between the Government of the Republic of Slovenia and the Company were recorded.

The Company records transactions also with companies, where the Government of the Republic of Slovenia has (direct or indirect) controlling influence or 20%.

#### **Transactions with companies where Government of the Republic of Slovenia has, directly or indirectly, controlling influence**

In January – June 2017, transactions conducted between Luka Koper, d.d. and companies where the Government of the Republic of Slovenia has a direct or indirect influence amounted to EUR 12,379,070 and include sales to these companies (EUR 6,754,802) and purchases (EUR 5,624,268). Most of sales referred to services in connection with the port activity, followed by compensation, whereby most of purchases referred to costs for railway transport, followed by electricity costs and costs of insurance. As at 30 June 2017, Luka Koper, d. d. recorded receivables to these companies in the amount of EUR 2,051,497 and liabilities at EUR 24,915,722. The larger part of liabilities includes the loan by SID - Slovenska izvozna in razvojna banka, d.d., which was raised under market terms.

#### **Transaction with persons**

In the period from January to June 2017, the company did not have significant transactions with the members of the Management Board and the members of the Supervisory Board.

#### **Financial instruments and financial risk management**

The most significant risks to which the company is exposed, include:

1. risk management of the change in fair value,
2. management of interest rate risk,
3. management of liquidity risk ,
4. management of currency risk,
5. management of credit risk and
6. risk management relating to adequate capital structure.

##### *1. Risk management relating to change in fair value*

As at 30 June 2017, the Company has invested 5,6 of its assets (the same as at the end of the previous business year) in investments measured at fair value. The fair value risk associated with these investments is demonstrated through changes in stock market prices that affect the value of these assets and, consequently the potential gain on their disposal. This type of risk was identified in association with investments in market securities of Slovenian companies and units of mutual fund assets. As at 30 June 2017, the value of non-current available-for-sale investments measured at fair value through equity, amounted to EUR 28,352,272.

### Sensitivity analysis of finance investments at fair value:

#### Risk of change at fair value of securities as at 30 June 2017

Change of index (in %)	Impact in equity
-10%	-2.835.227
10%	2.835.227

#### Risk of change at fair value of securities as at 31 December 2016

Change of index (in %)	Impact in equity
-10%	-2.641.004
10%	2.641.004

### Fair value hierarchy

(in EUR)	Valuation at fair value			
	Carrying amount at 30 Jun 2017	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
<b>Assets measured at fair value</b>				
Other interests and shares	28,352,272	28,352,272	0	0
<b>Liabilities measured at fair value</b>				
Interest rate hedging for borrowings	261,755	0	261,755	0



(in EUR)	Valuation at fair value			
	Carrying amount at 31 Dec 2016	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
<b>Assets measured at fair value</b>				
Other interests and shares	26,410,036	26,410,036	0	0
<b>Liabilities measured at fair value</b>				
Interest rate hedging for borrowings	419,873	0	419,873	0

## 2. Management of interest rate risk

In January - June 2017, the Company's financial liabilities increased by 11,3 percent and as at 30 June 2017 amounted to EUR 140,577,649v. The increase is not the result of the additional indebtedness, but results from the transfer of a part of retained earnings among other current financial liabilities for dividends which will be paid out on 31 August 2017 on the basis of the decision of the General Shareholders' Meeting.

As at 30 June 2017, the percentage of financial liabilities within the total segment of liabilities amounts to 27,7 percent (as at 31 December 2016 it amounted to 26,7 percent).

The effect of the eventual change of variable interest on the future net profit after tax is shown in the table below. The interest rate hedge for a larger non-current borrowing, whose outstanding amount as at 30 June 2017 is recorded at EUR 32,704,918 matures in 2031. The eventual change of variable interest rates may consequently effect 59,6 percent of total Company's borrowings (as at 31 December 2016, this share amounted to 60,4 percent), since the remnant 40,4 percent are hedged against eventual changes of interest rates.

### Overview of exposure

(in EUR)	30 Jun 2017	Exposure 2017	31 Dec 2016	Exposure 2016
Borrowings received at variable interest rate (without interest rate hedge)	71,763,954	59.6%	75,951,946	60.4%
Borrowings received at variable interest rate (with interest rate hedge)	32,704,918	27.1%	33,852,459	26.9%
Borrowings received at nominal interest rate	16,000,000	13.3%	16,000,000	12.7%
<b>Total</b>	<b>120,468,872</b>	<b>100.0%</b>	<b>125,804,405</b>	<b>100.0%</b>

## Sensitivity analysis of borrowings from banks in view of the variable interest fluctuations:

(in EUR)	Borrowings from banks under the variable interest rate as at 30 Jun 2017	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
3M EURIBOR	31,906,812	19,565	32,609	97,096
6M EURIBOR	39,857,142	0	0	137,343
<b>Total effect on interests expenses</b>	<b>71,763,954</b>	<b>19,565</b>	<b>32,609</b>	<b>234,439</b>

(in EUR)	Borrowings from banks under the variable interest rate as at 31 Dec 2016	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
3M EURIBOR	33,666,232	21,304	35,507	106,243
6M EURIBOR	42,285,714	0	12,263	157,757
<b>Total effect on interests expenses</b>	<b>75,951,946</b>	<b>21,304</b>	<b>47,770</b>	<b>264,000</b>

The sensitivity analysis of borrowings from banks in view of the variable interest rate fluctuations is based on the assumption of potential growth in interest rates of 15, 25 and 50 bp.

### 3. Management of liquidity risk

The liquidity risk is the risk that the company will fail to settle its liabilities at maturity. The company manages liquidity risk by regular planning of cash flows with diverse maturity. Additional measures for preventing delays in receivable collection include regular monitoring of payments and immediate response to any delay and charging penalty interest in accordance with the uniform policy of receivable management.

(in EUR)	Up to 3 months	3 to 12 months	1 to 2 years	3 to 5 years	More than 5 years	Total
<b>30 Jun 2017</b>						
Loans and borrowings*	2,244,147	11,338,251	16,656,399	53,429,138	36,800,937	120,468,872
Expected interest on all borrowings	283,229	1,237,871	1,255,941	2,245,521	903,216	5,925,778
Other financial liabilities	19,847,021	0	261,756	0	0	20,108,777
Payables to suppliers	19,744,370	0	0	0	0	19,744,370
Other operating liabilities	5,086,987	0	0	0	0	5,086,987
<b>Total</b>	<b>47,205,754</b>	<b>12,576,122</b>	<b>18,174,096</b>	<b>55,674,659</b>	<b>37,704,153</b>	<b>171,334,784</b>

<b>31 Dec 2016</b>						
Loans and borrowings*	1,153,481	10,608,251	16,060,399	57,605,225	40,377,049	125,804,405
Expected interest on all borrowings	302,951	1,251,870	1,400,845	2,640,300	1,118,250	6,714,216
Other financial liabilities	250,564	0	419,873	0	0	670,437
Payables to suppliers	13,846,150	0	0	0	0	13,846,150
Other operating liabilities	4,125,116	0	0	0	0	4,125,116
<b>Total</b>	<b>19,678,262</b>	<b>11,860,121</b>	<b>17,881,117</b>	<b>60,245,525</b>	<b>41,495,299</b>	<b>151,160,324</b>

\* The item comprises also loans from subsidiaries and associated companies

#### 4. Management of currency risk

The risk of changes in foreign exchange rates arises from trade receivables denominated in US dollars (USD). In recent years, the company managed to reduce the volume of outstanding trade receivables in US dollars to such extent, that their share is not even 1 percent of all receivables and therefore this risk is negligible from the point of view of eventual negative effects for the company.

#### 5. Management of credit risk

Assets exposed to credit risk:

(in EUR)	30 Jun 2017	31 Dec 2016
Non-current loans	26,836	31,005
Non-current operating liabilities	41,772	41,772
Current loans	148,267	68,123
Current trade receivables	37,702,909	27,579,155
Other current receivables	3,981,793	2,687,967
Cash and cash equivalents	3,887,944	983,305
Guarantees and collaterals granted	6,559,519	8,795,468
<b>Total</b>	<b>52,349,040</b>	<b>40,186,795</b>

The management estimates that the Company's exposure to credit risk is low, and due to the risk management mechanisms put in place, there is a low likelihood of damages.

#### 6. Risk management relating to adequate capital structure

(in EUR)	30 Jun 2017		31 Dec 2016	
	in EUR	Share (%)	in EUR	Share (%)
Equity	313,646,389	62.0%	304,425,949	64.4%
Non-current liabilities	126,448,131	25.0%	131,614,419	27.8%
Current liabilities	66,071,776	13.1%	36,891,767	7.8%
<b>Total accumulated profit</b>	<b>506,166,296</b>	<b>100%</b>	<b>472,932,135</b>	<b>100%</b>

## 20 Events after the Reporting Date

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### AUGUST

- SŽ – Tovorni promet. d. o. o., filed a lawsuit to the company Luka Koper, d. d. in the amount of EUR 1,758,281 for the damage caused by the spontaneous termination of work in July 2016, which did not affect the financial statements.
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## 21 Consolidated Financial Statements of the Luka Koper Group

### 21.1 Consolidated Income Statement

(in EUR)	1-6 2017	1-6 2016
Revenue	108,014,323	101,147,802
Capitalised own products and services	264,138	901,694
Other income	1,479,918	1,601,043
Cost of material	-8,112,865	-7,424,073
Cost of services	-25,138,561	-25,011,502
Employee benefits expense	-26,892,159	-25,866,643
Amortisation and depreciation expense	-13,225,766	-13,318,706
Other operating expenses	-4,520,833	-3,932,859
<b>Operating profit</b>	<b>31,868,195</b>	<b>28,096,756</b>
Finance income	174,092	240,704
Finance expenses	-664,649	-1,232,633
<b>Loss from financing activities</b>	<b>-490,557</b>	<b>-991,929</b>
Profit or loss of associates	863,475	1,009,464
<b>Profit before tax</b>	<b>32,241,113</b>	<b>28,114,291</b>
Income tax expense	-4,734,067	-4,395,052
Deferred taxes	-130,649	-6,503
<b>Net profit for the period</b>	<b>27,376,397</b>	<b>23,712,736</b>
<b>Net profit attributable to owners of the company</b>	<b>27,357,768</b>	<b>23,703,815</b>
<b>Net profit attributable to non-controlling interests</b>	<b>18,629</b>	<b>8,921</b>
<b>Net earnings per share</b>	<b>1.95</b>	<b>1.69</b>

## 21.2 Consolidated Statement of Other Comprehensive Income

(in EUR)	1-6 2017	1-6 2016
<b>Profit for the period</b>	<b>27,376,397</b>	<b>23,712,736</b>
Change in revaluation surplus of available-for-sale financial assets	2,392,335	-2,234,809
Deferred tax on revaluation of available-for-sale financial assets	-454,544	393,110
Change in fair value of hedging instruments	158,117	254,488
Deferred tax on change in value of hedging instruments	-30,042	-43,263
Items that will be reclassified subsequently to profit or loss	2,065,866	-1,630,474
<b>Other comprehensive income</b>	<b>2,065,866</b>	<b>-1,630,474</b>
<b>Total comprehensive income for the period</b>	<b>29,442,263</b>	<b>22,082,262</b>
<b>Total comprehensive income of owners of the company</b>	<b>29,423,634</b>	<b>22,073,341</b>
<b>Total comprehensive income of non-controlling interests</b>	<b>18,629</b>	<b>8,921</b>

### 21.3 Consolidated Statement of Financial Position

(in EUR)	30 Jun 2017	31 Dec 2016
<b>ASSETS</b>		
Property, plant and equipment	391,836,136	376,011,980
Investment property	18,720,131	18,575,530
Intangible assets	3,799,533	4,126,170
Shares and interests in associates	12,550,008	12,680,341
Other non-current investments	32,943,534	30,551,199
Loans given and deposits	26,835	31,005
Non-current operating receivables	41,772	41,772
Deferred tax assets	8,345,812	8,711,771
<b>Non-current assets</b>	<b>468,263,761</b>	<b>450,729,768</b>
Assets held for sale	1,372	1,372
Inventories	946,981	809,467
Deposits and loans given	88,268	105,489
Trade and other receivables	44,797,935	32,518,465
Cash and cash equivalents	8,557,531	5,826,536
<b>Current assets</b>	<b>54,392,087</b>	<b>39,261,329</b>
<b>TOTAL ASSETS</b>	<b>522,655,848</b>	<b>489,991,097</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	129,035,652	129,035,652
Reserves arising from valuation at fair value	9,440,365	7,374,500
Retained earnings	55,421,076	47,414,033
<b>Equity of owners of the parent</b>	<b>341,880,761</b>	<b>331,807,853</b>
<b>Non-controlling interests</b>	<b>189,698</b>	<b>171,068</b>
<b>Equity</b>	<b>342,070,459</b>	<b>331,978,921</b>
Provisions	16,481,029	14,764,838
Deferred income	4,629,275	4,781,422
Loans and borrowings	90,886,474	97,900,739
Other non-current financial liabilities	261,755	419,873
Non-current operating liabilities	967,975	772,086
<b>Non-current liabilities</b>	<b>113,226,508</b>	<b>118,638,958</b>
Loans and borrowings	13,582,399	11,761,732
Other current financial liabilities	19,847,125	250,614
Income tax liabilities	521,546	1,896,207
Trade and other payables	33,407,811	25,464,665
<b>Current liabilities</b>	<b>67,358,881</b>	<b>39,373,218</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>522,655,848</b>	<b>489,991,097</b>

## 21.4 Consolidated Statement of Cash Flows

(in EUR)	1-6 2017	1-6 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>27,376,397</b>	<b>23,712,736</b>
<b>Adjustments for:</b>		
Amortisation/Depreciation	13,225,766	13,318,706
Reversal and impairment losses on property, plant and equipment, and intangible assets	523,045	24,921
Gain on sale of property, plant and equipment, intangible assets and investment property	-184,836	-30,809
Allowances for receivables	89,471	136,695
Collected written-off receivables and liabilities	-109,599	-173,912
Finance income	-174,092	-240,704
Finance expenses	664,649	1,232,633
Recognised results of subsidiaries under equity method	-863,475	-1,009,464
Income tax expense and income (expenses) from deferred taxes	4,864,716	4,401,555
<b>Profit before change in net current operating assets and taxes</b>	<b>45,412,042</b>	<b>41,372,357</b>
Change in operating receivables	-11,687,117	-3,171,789
Change in inventories	-137,514	-107,483
Change in assets (disposal group) held for sale	0	165
Change in operating liabilities	8,139,035	1,923,117
Change in provision	-131,942	-86,671
Change in non-current deferred income	1,665,551	-854,633
<b>Cash generated in operating activities</b>	<b>43,260,055</b>	<b>39,075,063</b>
Interest expenses	-561,660	-1,232,633
Tax expenses	-6,108,728	-5,744,693
<b>Net cash from operating activities</b>	<b>36,589,667</b>	<b>32,097,737</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	77,703	88,465
Dividends received and share of profits – associates	570,000	700,000
Dividends received and share of profits – other companies	9,832	152,239
Proceeds from sale of property, plant and equipment, and intangible assets	184,835	30,808
Proceeds from sale, less investments and loans given	25,566	321,117
Acquisition of property, plant and equipment, and intangible assets	-29,390,930	-27,950,347
Acquisition of investments, increase in loans given	-146	-310
<b>Net cash used in investing activities</b>	<b>-28,523,140</b>	<b>-26,658,028</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of current borrowings	-5,335,532	-4,187,991
<b>Net cash used in financing activities</b>	<b>-5,335,532</b>	<b>-4,187,991</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,730,995</b>	<b>1,251,718</b>
Opening balance of cash and cash equivalents	5,826,536	12,610,049
<b>Closing balance of cash and cash equivalents</b>	<b>8,557,531</b>	<b>13,861,767</b>



## 21.5 Consolidated Statement of Changes in Equity

Year 2017

(in EUR)	Reserves arising on valuation at fair value								Total equity of owners of the parent company	Non-controlling interests	Total equity
	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Investments	Financial instruments	Actuarial gains/losses			
<b>Balance at 31 Dec 2016</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>110,270,537</b>	<b>47,414,033</b>	<b>8,702,160</b>	<b>-340,097</b>	<b>-987,563</b>	<b>331,807,853</b>	<b>171,068</b>	<b>331,978,921</b>
Other changes in equity – correction of previous errors	0	0	0	0	249,274	0	0	0	0	0	0
<b>Balance as at 1 Jan 2017</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>110,270,537</b>	<b>47,663,307</b>	<b>8,702,160</b>	<b>-340,097</b>	<b>-987,563</b>	<b>332,057,127</b>	<b>171,068</b>	<b>332,228,195</b>
<b>Changes of equity – transactions with owners</b>											
Other changes in equity	0	0	0	0	-19,600,000	0	0	0	-19,600,000	0	-19,600,000
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-19,600,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-15,820,000</b>	<b>0</b>	<b>-15,820,000</b>
<b>Total comprehensive income for the period</b>											
Profit for the period	0	0	0	0	27,357,768	0	0	0	27,357,768	18,629	27,376,397
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	1,937,791	0	0	1,937,791	0	1,937,791
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	128,075	0	128,075	0	128,075
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27,357,768</b>	<b>1,937,791</b>	<b>128,075</b>	<b>0</b>	<b>29,423,634</b>	<b>18,629</b>	<b>29,442,263</b>
<b>Balance at 30 Jun 2017</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,115</b>	<b>110,270,537</b>	<b>55,421,076</b>	<b>10,639,951</b>	<b>-212,022</b>	<b>-987,563</b>	<b>341,880,762</b>	<b>189,697</b>	<b>342,070,459</b>

## Year 2016

(in EUR)	Reserves arising on valuation at fair value								Total equity of owners of the parent company	Non-controlling interests	Total equity
	Share capital	Capital surplus	Legal reserves	Other revenue reserves	Retained earnings	Investments	Financial instruments	Actuarial gains/losses			
<b>Balance at 31 Dec 2015</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,117</b>	<b>89,979,979</b>	<b>39,187,702</b>	<b>12,081,707</b>	<b>-861,126</b>	<b>-1,016,963</b>	<b>306,120,084</b>	<b>170,386</b>	<b>306,290,470</b>
<b>Total comprehensive income for the period</b>	0										
Profit for the period	0	0	0	0	23,703,815	0	0	0	23,703,815	8,921	23,712,736
Change in revaluation surplus of financial assets, less tax	0	0	0	0	0	-1,841,699	0	0	-1,841,699	0	-1,841,699
Change in fair value of hedging instruments, less tax	0	0	0	0	0	0	211,225	0	211,225	0	211,225
<b>Balance at 30 Jun 2016</b>	<b>58,420,965</b>	<b>89,562,703</b>	<b>18,765,117</b>	<b>89,979,979</b>	<b>62,891,517</b>	<b>10,240,008</b>	<b>-649,901</b>	<b>-1,016,963</b>	<b>328,193,425</b>	<b>179,307</b>	<b>328,372,732</b>

## 22 Notes to the Consolidated Financial Statements

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The interim statements of Luka Koper Group for January – June 2017, i.e. as at 30 June 2017 Luka Koper, encompass the financial statements of the controlling company Luka Koper, d. d., as the statements of its subsidiary enterprises, together with attributable profits and losses of associated companies.

### Statement of compliance

The interim Report has been compiled in accordance with the International Accounting standards 34 – Interim Financial Reporting. The company's financial statements have been compiled in accordance with International Reporting Standards as adopted by the International Accounting Standards (IASB) and European Union and in compliance with Companies Act RS.

### Basis for the compilation of financial statements

The financial statements have been compiled in euros (EUR), rounded to the nearest unit. Through these consolidated financial statements, Luka Koper Group wants to provide the broadest sphere of users useful information on the company's performance from January to June 2017, in comparison with data for the previous year, together with the Group's financial position as at 31 June 2017 in comparison with 31 December 2016.

The non-audited financial statements of the Luka Koper Group for the reporting period are compiled in accordance with the same accounting policies and principles that were applicable in 2016.

## 23 Additional Notes to the Consolidated Income Statement

### Revenue

(in EUR)	1-6 2017	1-6 2016
<b>Revenue generated on sales with domestic customers</b>	<b>35,228,338</b>	<b>33,979,447</b>
- services	34,599,894	33,374,709
- goods and material	15,100	3,429
- rentals	613,344	601,309
<b>Revenue generated on sales with foreign customers</b>	<b>72,785,985</b>	<b>67,168,355</b>
- services	72,734,184	67,136,555
- rentals	51,801	31,800
<b>Total</b>	<b>108,014,323</b>	<b>101,147,802</b>

### Capitalised own products and own services

(in EUR)	1-6 2017	1-6 2016
Capitalised own products and own services	264.138	901.694
<b>Total</b>	<b>264.138</b>	<b>901.694</b>

Among the capitalised own products and services, the Group shows the maintenance works on its own infrastructure, performed by the subsidiary company Luka Koper INPO, d. o. o.

In order to ensure the comparability of data, the comparable data of 2016 are adjusted accordingly.

### Other income

(in EUR)	1-6 2017	1-6 2016
<b>Other operating income</b>	<b>1,164,519</b>	<b>1,168,800</b>
Reversal of provisions	50,571	0
Subsidies, grants and similar income	819,513	964,079
<b>Revaluation operating income</b>	<b>294,435</b>	<b>204,721</b>
Income on sale of property, plant and equipment and investment property	184,836	30,809
Collected written-off receivables and written-off liabilities	109,599	173,912
<b>Other income</b>	<b>315,399</b>	<b>432,243</b>
Compensations and damages	185,386	191,744
Subsidies and other income not related to services	108,802	0
Other income	21,211	240,499
<b>Total</b>	<b>1,479,918</b>	<b>1,601,043</b>

**Cost of material**

(in EUR)	1-6 2017	1-6 2016
Cost of material	704	817
Cost of auxiliary material	1,660,006	1,894,344
Cost of spare parts	2,416,208	2,194,290
Cost of energy	3,722,625	3,059,290
Cost of office stationary	86,433	74,578
Other cost of material	226,889	200,754
<b>Total</b>	<b>8,112,865</b>	<b>7,424,073</b>

**Cost of services**

(in EUR)	1-6 2017	1-6 2016
Cost of services rendered in connection with the core activity	13,651,482	12,457,361
Cost of transportation	100,606	142,432
Cost of maintenance	2,510,326	3,040,584
Rentals	266,488	498,358
Reimbursement of labour-related costs	178,736	213,024
Costs of payment processing, bank charges and insurance premiums	384,028	400,814
Cost of intellectual and personal services	355,104	352,795
Advertising, trade fairs and hospitality	433,044	549,333
Costs of services provided by individuals not performing business activities	148,279	152,796
Sewage and disposal services	171,643	83,473
Information support	1,504,414	1,607,099
Concession-related costs	3,735,936	3,241,201
Costs of other services	1,698,475	2,272,232
<b>Total</b>	<b>25,138,561</b>	<b>25,011,502</b>

Higher cost of port's services and concession costs are attributable to the increased throughput and higher revenue in comparison with the equivalent period last year.

**Employee benefits expense**

(in EUR)	1-6 2017	1-6 2016
Wages and salaries	18,292,313	17,671,068
Wage compensations	2,348,071	2,179,700
Costs of additional pension insurance	819,874	798,495
Employer's contributions on employee benefits	3,373,240	3,256,813
Annual holiday pay, reimbursements and other costs	2,058,661	1,960,567
<b>Total</b>	<b>26,892,159</b>	<b>25,866,643</b>

**Amorisation and depreciation expense**

(in EUR)	1-6 2017	1-6 2016
Depreciation of buildings	6,602,506	6,449,374
Depreciation of equipment and spare parts	6,168,812	6,421,808
Depreciation of small tools	12,253	12,005
Depreciation of investment property	99,242	95,812
Amortisation of intangible assets	342,953	339,707
<b>Total</b>	<b>13,225,766</b>	<b>13,318,706</b>

**Other operating expenses**

(in EUR)	1-6 2017	1-6 2016
Impairment costs, write-offs and losses on property, plant and equipment, and investment property	523,045	24,921
Expenses for allowances for receivables	89,471	136,695
Levies that are not contingent upon employee benefits expense and other types of cost	3,455,866	3,338,179
Donations	81,226	106,161
Environmental levies	34,718	33,063
Awards and scholarship to students inclusive of tax	11,456	11,705
Awards and scholarship to students	4,400	4,460
Other costs and expenses	320,651	277,675
<b>Total</b>	<b>4,520,833</b>	<b>3,932,859</b>

Charges not depending on labour costs and other costs in the amount of EUR 3,484,592, are substantially related to the use of building land in the amount of EUR 3,368,174.

**Finance income and expenses**

(in EUR)	1-6 2017	1-6 2016
<b>Finance income from shares and interests</b>	<b>96,389</b>	<b>152,239</b>
Finance income from shares and interests in other companies	23,015	152,239
Finančni prihodki iz drugih naložb	73,374	0
<b>Finance income - interest</b>	<b>985</b>	<b>12,017</b>
Interest income - other	985	12,017
<b>Finance income from operating receivables</b>	<b>76,718</b>	<b>76,448</b>
Finance income from operating receivables due from others	76,718	76,448
<b>Total finance income</b>	<b>174,092</b>	<b>240,704</b>
<b>Finančni odhodki iz finančnih naložb</b>	<b>-73,374</b>	<b>0</b>
<b>Finance expenses - interest</b>	<b>-551,916</b>	<b>-1,198,571</b>

Interest expenses – associates and jointly controlled entities	0	-3,926
Interest expenses – banks	-551,916	-1,194,645
<b>Finance expenses for financial liabilities</b>	<b>-39,359</b>	<b>-34,062</b>
Finance expenses for trade payables	-230	-5
Finance expenses for other operating liabilities	-39,129	-34,057
<b>Total finance expenses</b>	<b>-664,649</b>	<b>-1,232,633</b>
<b>Net financial result</b>	<b>-490,557</b>	<b>-991,929</b>

### Profit of the period

In January – June 2017, Luka Koper Group generated the profit in the amount of EUR 31,868,195, in the comparable period last year EUR 28,096,756.

The Luka Koper Group concluded January – June 2017 period with the net profit in the amount of EUR 27,376,397 (in the equivalent period last year it amounted to EUR 23,712,736), whereof EUR 27,357,768 (in the equivalent period last year EUR 23,703.815) pertained to the parent company and EUR 18,629 (in the comparable period last year EUR 8.921) pertained to the non-controlling company. Non-controlling interest pertains to the company TOC, d. o. o.

(in EUR)	30 Jun 2017	30 Jun 2016
Net profit for the period	27,357,768	23,703,815
Total number of shares	14,000,000	14,000,000
Number of ordinary shares	14,000,000	14,000,000
<b>Basic and diluted earnings per share</b>	<b>1.95</b>	<b>1.69</b>

Net earnings per share as at 30 June 2017 amounted to EUR 1,95, whilst as at 30 June 2016 it amounted to EUR 1,69.

## 24 Additional Notes to the Consolidated Statement of Financial position

### Property, plant and equipment

(in EUR)	30 Jun 2017	31 Dec 2016
Land	18,286,759	18,255,454
Buildings	245,383,525	237,646,358
Plant and machinery	83,421,441	55,330,933
Property, plant and equipment being acquired and advances given	44,744,411	64,779,235
<b>Total</b>	<b>391,836,136</b>	<b>376,011,980</b>

In the reporting period, the Group invested in property, plant and equipment in the amount of EUR 29,374,615. Major investments were the following:

- STS cranes,
- RMG cranes and cranes track,
- container manipulators,
- further construction of the multipurpose warehouse and
- further set-up of stacking areas.

### Investment property

(in EUR)	30 Jun 2017	31 Dec 2016
Investment property - land	14,991,483	14,991,483
Investment property - buildings	3,728,648	3,584,047
<b>Total</b>	<b>18,720,131</b>	<b>18,575,530</b>

### Intangible assets

(in EUR)	30 Jun 2017	31 Dec 2016
Development costs	215,071	234,447
Non-current property rights (concessions, patents, licences, trademarks and similar rights)	3,584,462	3,891,723
<b>Total</b>	<b>3,799,533</b>	<b>4,126,170</b>



### Shares and interests in associates

(in EUR)	2017
<b>Balance at the beginning of the period</b>	<b>12,680,341</b>
Increase	
Attributable profits	863,475
- Adria Transport, d. o. o.	263,188
- Adria-tow, d. o. o.	265,694
- Adria-fin, d. o. o.	3,190
- Avtoservis, d. o. o.	331,404
Share of profits	-993,808
- Adria Transport, d. o. o.	-320,000
- Adria-tow, d. o. o.	-250,000
- Avtoservis, d. o. o.	-423,808
<b>Balance at the end of the period</b>	<b>12,550,008</b>

### Other non-current investments

(in EUR)	30 Jun 2017	31 Dec 2016
Other investments measured at cost	3,414,602	3,414,602
Other investments measured at fair value through equity	29,528,932	27,136,597
<b>Total</b>	<b>32,943,534</b>	<b>30,551,199</b>

### Deffered tax

(in EUR)	Deferred tax assets		Deferred tax liabilities	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
<b>Deferred tax assets and liabilities relating to:</b>				
impairment of investments in associates	0	17,575	0	0
impairment of other investments and deductible temporary differences arising on securities	9,763,864	9,500,387	2,495,791	2,031,826
financial instruments	49,733	79,776	0	0
allowances for trade receivables	253,315	265,062	0	0
provisions for retirement benefits	269,916	368,654	0	0
provisions for jubilee premiums	50,792	58,159	0	0
long-term accrued costs and deferred income from public commercial services	453,983	453,984	0	0
<b>Total</b>	<b>10,841,603</b>	<b>10,743,597</b>	<b>2,495,791</b>	<b>2,031,826</b>

Off-set with deferred tax liabilities relating to impairment of other investments and deductible temporary differences arising on securities	-2,495,791	-2,031,826	-2,495,791	-2,031,826
<b>Total</b>	<b>8,345,812</b>	<b>8,711,771</b>	<b>0</b>	<b>0</b>

### Inventories

As at 30 June 2017, inventories were recorded at EUR 946,981, whilst at the end of 2016, their value was EUR 809,467. The major share of these inventories is related to the maintenance material and spare parts in the amount of EUR 583,910, and the overhead and auxiliary material in the amount of EUR 316,316.

### Trade and other receivables

(in EUR)	30 Jun 2017	31 Dec 2016
Current trade receivables:		
domestic costumers	16,517,894	17,691,462
foreign costumers	21,011,458	10,837,721
Current operating receivables due from associates	480,264	44,443
<b>Current trade receivables</b>	<b>38,009,616</b>	<b>28,573,626</b>
Current receivables due from dividends	50,000	50,000
Advances and collaterals given	44,311	4,405
Current receivables related to finance income	21,982	17,114
Receivables due from the state	2,379,006	2,689,836
Other current receivables	105,940	145,938
<b>Total trade receivables</b>	<b>40,610,855</b>	<b>31,480,919</b>
Short-term deferred costs and expenses	3,984,755	660,544
Accrued income	202,325	377,002
<b>Other receivables</b>	<b>4,187,080</b>	<b>1,037,546</b>
<b>Total</b>	<b>44,797,935</b>	<b>32,518,465</b>

As at 30 June 2017, the Group pledged receivables in connection with collateralising a bank loan in the amount of EUR 3,500,000. On the reporting date, these receivables amounted to EUR 134,581.

Current trade receivables increased in comparison with the balance as at 31 December 2016. The increase of current trade receivable resulted from higher realisation and higher invoiced excise duties.

Among other receivables the Group classifies short-term deferred costs and expenses in the amount of EUR 3,984,755. The short-term deferred costs and expenses refer to the use of the building land, insurances, annual holiday pay and loan costs.

### Cash and cash equivalents

(in EUR)	30 Jun 2017	31 Dec 2016
Cash in hand	14,580	10,477
Bank balances	5,562,951	2,836,059
Current deposits	2,980,000	2,980,000
<b>Total</b>	<b>8,557,531</b>	<b>5,826,536</b>

### Equity

(in EUR)	30 Jun 2017	31 Dec 2016
Share capital	58,420,965	58,420,965
Capital surplus (share premium)	89,562,703	89,562,703
Revenue reserves	129,035,652	129,035,652
<i>Legal reserves</i>	<i>18,765,115</i>	<i>18,765,115</i>
<i>Other revenue reserves</i>	<i>110,270,537</i>	<i>110,270,537</i>
Reserves arising from valuation at fair value	9,440,365	7,374,500
Retained earnings	28,063,308	23,329,292
Net profit for the period	27,357,768	24,084,741
<b>Equity of owners of the parent</b>	<b>341,880,761</b>	<b>331,807,853</b>
<b>Non-controlling interests</b>	<b>189,698</b>	<b>171,068</b>
<b>Equity</b>	<b>342,070,459</b>	<b>331,978,921</b>

### Provisions

(in EUR)	30 Jun 2017	31 Dec 2016
Provisions for retirement benefits and similar obligations	3,248,784	3,400,931
Provisions for legal disputes	1,380,491	1,380,491
<b>Total</b>	<b>4,629,275</b>	<b>4,781,422</b>

### Deferred income

(in EUR)	30 Jun 2017	31 Dec 2016
Long-term deferred income for regular maintenance	9,824,090	7,987,214
Non-refundable grants received	4,884,630	4,829,468
Other long-term deferred income	1,772,309	1,948,156
<b>Total</b>	<b>16,481,029</b>	<b>14,764,838</b>

**Non-current loans and borrowings**

(in EUR)	30 Jun 2017	31 Dec 2016
Non-current borrowings from domestic banks	60,476,638	66,383,117
Non-current borrowings from foreign banks	30,409,836	31,517,622
<b>Total</b>	<b>90,886,474</b>	<b>97,900,739</b>

Non-current financial liabilities from borrowings at 30 June 2017 were lower as at 31 December 2016, and namely due to the transfer of a share of liabilities to non-current liabilities and due to the reclassification of loan costs among other receivables.

**Other non-current financial liabilities**

(in EUR)	30 Jun 2017	31 Dec 2016
Other non-current financial liabilities	261,755	419,873
<b>Total</b>	<b>261,755</b>	<b>419,873</b>

Other non-current financial are related to the fair value of the interest swap of the company.

**Non-current operating liabilities**

Non-current operating liabilities as at 30 June 2017 amounted to EUR 967,975, which is EUR 195,889 increase on 31 December 2016. The balance sheet item refers entirely to received securities for leased business premises, the elimination of defects in the warranty period, as well as the security for the operation of the excise warehouse at the Liquid cargoes terminal.

**Current loans and borrowings**

(in EUR)	30 Jun 2017	31 Dec 2016
Current borrowings from domestic banks	11,287,317	9,466,650
Current borrowings from foreign banks	2,295,082	2,295,082
<b>Total</b>	<b>13,582,399</b>	<b>11,761,732</b>

Current financial liabilities at 30 June 2017 were higher in comparison to the balance as at 31 December 2016, and namely due to the transfer of a share of liabilities from non-current liabilities to current liabilities and repayment of principals.

**Other current financial liabilities**

(in EUR)	30 Jun 2017	31 Dec 2016
Other non-current financial liabilities	19,847,125	250,614
<b>Skupaj</b>	<b>19,847,125</b>	<b>250,614</b>

Other non-current financial liabilities are related to the liabilities for payout of dividends, liabilities for interests and liabilities for interests swap, established in compliance with the strategy of management of interest rate risk of the parent company.

The liabilities for dividends as at 30 June 2017 in the amount of EUR 19,694,093 pertains entirely to the parent company. In accordance with the resolution of the General Shareholders' Meeting, the parent company transferred a portion of retained earnings in the amount of EUR 19,600,000 among other current financial liabilities for dividends.

**Trade and other payables**

(in EUR)	30 Jun 2017	31 Dec 2016
Current liabilities to:		
domestic suppliers	15,619,092	14,411,457
foreign suppliers	3,746,960	349,162
Current liabilities to associates	147,915	145,110
<b>Current trade payables</b>	<b>19,513,967</b>	<b>14,905,729</b>
Current liabilities from advances	294,736	68,413
Current liabilities to employees	3,715,005	3,623,899
Current liabilities to state and other institutions	1,598,028	965,084
<b>Total operating liabilities</b>	<b>25,121,736</b>	<b>19,563,125</b>
Accrued costs or expenses	8,160,466	5,794,981
Other operating liabilities	125,609	106,559
<b>Other operating liabilities</b>	<b>8,286,075</b>	<b>5,901,540</b>
<b>Total</b>	<b>33,407,811</b>	<b>25,464,665</b>

In comparison to the balance as at 31 December 2017, trade and other receivables increased. The increase of trade receivables towards suppliers is attributable to higher liabilities from investments in fixed assets and liabilities for reinvoiced excise duties.

The accrued costs comprise primarily of accrued costs for unused annual holidays, accrued commercial discounts, concession costs, costs of 13<sup>th</sup> month salary, collective job performance and interest charges.

### Contingent liabilities

(in EUR)	30 Jun 2017	31 Dec 2016
Guarantees given	1,748,320	1,720,309
Securities given	4,949,519	7,235,468
Contingent liabilities under legal disputes	93,809	93,809
Approved borrowing	54,701,670	54,702,317
<b>Total contingent liabilities</b>	<b>61,493,319</b>	<b>63,751,903</b>

### Related party transactions

#### Transactions with the Government of the Republic of Slovenia

Transactions between the Luka Koper Group and the Government of the Republic of Slovenia in period of January – June 2017 included following:

(in EUR)	Payments in 1-6 2017	Costs/expenses in 1-6 2017
Concessions and water reimbursement	2,960,312	3,735,936
Corporate income tax (taxes and advance payments)	6,173,049	4,734,067
Other taxes and contributions	2,917,729	3,373,241
<b>Total</b>	<b>12,051,091</b>	<b>11,843,243</b>

As at 30 June 2017, the parent company disclosed liability arising from dividends in the total amount of EUR 19,600,000, where the cut-off date for the payment is 30 August 2017. If in the period from 30 June 2017 until the cut-off date, will be no changes in the ownership structure to the Government of the Republic of Slovenia belong the dividend in the amount of EUR 9,996,000, SDH, d. d. in EUR 2,181,000 and Kapitalska družba, d. d. in EUR 975,211.

No other transactions between the Government of the Republic of Slovenia and the Company were recorded.

The Group records transactions also with companies, where the Government of the Republic of Slovenia has (direct or indirect) controlling influence or 20%.

#### Transactions with companies where Government of the Republic of Slovenia has, directly or indirectly, controlling influence

In January – June 2017, transactions conducted between the Luka Koper Group and companies where the Government of the Republic of Slovenia has a direct or indirect influence amounted to EUR 12,438,970 and include sales to these companies (EUR 6,767,142) and purchases (EUR 5,671,829). Most of sales referred to services in connection with the port activity, followed by compensation, whereby most of purchases referred to costs for railway transport, followed by

electricity costs and costs of insurance. As at 30 June 2017, Luka Koper Group recorded receivables to these companies in the amount of EUR 2,051,338 and liabilities at EUR 24,924,929. The larger part of liabilities includes the loan by SID - Slovenska izvozna in razvojna banka, d.d., which was raised under market terms.

### Transaction with persons

In the period from January to June 2017, the Group did not have significant transactions with the members of the Management Board and the members of the Supervisory Board.

### Financial instruments and financial risk management

The most significant risks to which the company is exposed, include:

1. risk management of the change in fair value,
2. management of interest rate,
3. management of liquidity risk ,
4. management of currency risk,
5. management of credit risk and
6. risk management relating to adequate capital structure.

#### 1. Risk management relating to change in fair value

As at 30 June 2017, the Group has invested 5,6 percent of its assets (at the end of the previous year 5,5 percent) in investments measured at fair value, whereof the parent company 96,0 percent.

The fair value risk associated with these investments is demonstrated through changes in stock market prices that affect the value of these assets and, consequently the potential gain on their disposal. This type of risk was identified in association with investments in market securities of Slovenian companies and units of mutual fund assets. As at 30 June 2017, the value of non-current available-for-sale investments measured at fair value through equity, amounted to EUR 29,528,932.

The sensitivity analysis of finance investments measured at fair value:

#### Risk of change at fair value of securities as at 30 June 2017

Change of index in %	Impact on equity
-10%	-2.952.893
10%	2.952.893

#### Risk of change at fair value of securities as at 31 December 2016

Change of index in %	Impact on equity
-10%	-2.713.659
10%	2.713.659

## Fair value hierarchy

(in EUR)	Valuation at fair value			
	Carrying amount at 30 Jun 2017	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
<b>Assets measured at fair value</b>				
Other interests and shares	29,528,932	29,528,932	0	0
<b>Liabilities measured at fair value</b>				
Interest rate hedging for borrowings	261,755	0	261,755	0

(in EUR)	Valuation at fair value			
	Carrying amount at 31 Dec 2016	Direct stock market quotation (Level 1)	Value defined on the basis of comparable market inputs (Level 2)	No observable market inputs (Level 3)
<b>Assets measured at fair value</b>				
Other interests and shares	27,136,597	27,136,597	0	0
		0	0	0
<b>Liabilities measured at fair value</b>				
Interest rate hedging for borrowings	419,873	0	419,873	0

## 2. Management of interest rate risk

Only the parent company encounters the interest rate risk, since its financial liabilities are with variable interest rates.

As at 30 June 2017, the financial liabilities of the Group amounted to EUR 124,577,753, whilst at the end of the previous business year 2016 they amounted to EUR 110,332,958. This increase results from the transfer of liabilities from retained earnings among other current financial liabilities for payout of dividends of the parent company in the amount of EUR 19,600,000.

The parent company of the Group has established the interest rate hedge for a major non-current borrowing, of which outstanding amount as at 30 June 2017 is recorded at EUR 32,704,918 and matures in 2031.

The eventual change of variable interest rates may consequently effect 68,7 percent of total Group's borrowings, which is 0,5 percentage point decrease in comparison to the situation as at 31 December 2016. The remnant 31,3 percent are hedged against eventual changes of interest rate.



**Overview of exposure**

(in EUR)	30 Jun 2017	Exposure 2017	31 Dec 2016	Exposure 2016
Borrowings received at variable interest rate (without interest rate hedge)	71,763,954	68.7%	75,951,946	69.2%
Borrowings received at variable interest rate (with interest rate hedge)	32,704,918	31.3%	33,852,459	30.8%
<b>Total</b>	<b>104,468,872</b>	<b>100.0%</b>	<b>109,804,405</b>	<b>100.0%</b>

**Sensitivity analysis of borrowings from banks in view of the variable interest rate fluctuations:**

(in EUR)	Borrowings from banks under the variable interest rate as at 30 Jun 2017	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
3M EURIBOR	31,906,812	19,565	32,609	97,096
6M EURIBOR	39,857,142	0	0	137,343
<b>Total effect on interests expenses</b>	<b>71,763,954</b>	<b>19,565</b>	<b>32,609</b>	<b>234,439</b>

(in EUR)	Borrowings from banks under the variable interest rate as at 31 Dec 2016	Increase by 15 bp	Increase by 25 bp	Increase by 50 bp
3M EURIBOR	33,666,232	21,304	35,507	106,243
6M EURIBOR	42,285,714	0	12,263	157,757
<b>Total effect on interests expenses</b>	<b>75,951,946</b>	<b>21,304</b>	<b>47,770</b>	<b>264,000</b>

The sensitivity analysis of borrowings from banks in view of the variable interest rate fluctuations is based on the assumption of potential growth in interest rates of 15, 25 and 50 bp.

*3. Management of liquidity risk*

Liquidity risk is the risk that the Group will fail to settle its liabilities at maturity. Luka Koper Group manages liquidity risk by regular planning of cash flows required to settle liabilities with diverse maturity. Additional measures for preventing delays in receivable collection include regular monitoring of payments and immediate response to any delays and charging penalty interest in accordance with the Group's uniform policy of receivable management.

(in EUR)	Up to 3 months	3 to 12 months	1 to 2 years	3 to 5 years	More than 5 years	Total
<b>30 Jun 2017</b>						
Loans and borrowings*	2,244,147	11,338,251	16,656,399	37,429,138	36,800,937	104,468,872
Expected interest on all borrowings	239,009	1,106,111	1,079,961	1,805,121	903,216	5,133,418
Other financial liabilities	19,847,125	0	261,755	0	0	20,108,880
Payables to suppliers	19,513,967	0	0	0	0	19,513,967
Other operating liabilities	5,607,769	0	0	0	0	5,607,769
<b>Total</b>	<b>47,452,017</b>	<b>12,444,362</b>	<b>17,998,115</b>	<b>39,234,259</b>	<b>37,704,153</b>	<b>154,832,906</b>
<b>31 Dec 2016</b>						
Loans and borrowings*	1,153,481	10,608,251	16,060,399	41,605,225	40,377,049	109,804,405
Expected interest on all borrowings	259,331	1,119,510	1,224,865	2,112,360	1,118,250	5,834,316
Other financial liabilities	250,614	0	419,873	0	0	670,487
Payables to suppliers	14,905,729	0	0	0	0	14,905,729
Other operating liabilities	4,657,396	0	0	0	0	4,657,396
<b>Total</b>	<b>21,226,551</b>	<b>11,727,761</b>	<b>17,705,137</b>	<b>43,717,585</b>	<b>41,495,299</b>	<b>135,872,333</b>

\*The item comprises also loans from subsidiaries and associated companies

#### 4. Management of currency risk

The risk of changes in foreign exchange rates arises from trade receivables denominated in US dollars (USD). In recent years, the Group managed to reduce the volume of outstanding trade receivables in US dollars to such extent, that their share is not event 1 percent of all receivables and therefore this risk is negligible from the point of view of eventual negative effects for the Group.

#### 5. Management of credit risk

Assets exposed to credit risk:

(in EUR)	30 Jun 2017	31 Dec 2016
Non-current loans	26,835	31,005
Non-current operating liabilities	41,772	41,772
Current deposits	80,001	97,366
Current loans	8,267	8,123
Current trade receivables	38,009,616	28,573,626
Other current receivables	2,601,239	2,907,293
Cash and cash equivalents	8,557,531	5,826,536
Guarantees and collaterals granted	6,697,840	8,955,777
<b>Total</b>	<b>56,023,101</b>	<b>46,441,498</b>

The management estimates that the Group's exposure to credit risk is low, and due to the risk management mechanisms put in place, there is a low likelihood of damages.

*6. Risk management relating to adequate capital structure*

(in EUR )	30 Jun 2017		31 Dec 2016	
	In EUR	Share (%)	In EUR	Share (%)
Equity	342,070,459	65.4%	331,978,920	67.8%
Non-current liabilities	113,226,508	21.7%	118,638,958	24.2%
Current liabilities	67,358,881	12.9%	39,373,219	8.0%
<b>Total accumulated profit</b>	<b>522,655,848</b>	<b>100.0%</b>	<b>489,991,097</b>	<b>100.0%</b>

Note: financial report tables are available also in .xls format in attachment to this PDF document.

## 25 Events after the Reporting Date

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### AUGUST

- SŽ – Tovorni promet. d. o. o., filed a lawsuit to the parent company Luka Koper, d. d. in the amount of EUR 1,758,281 for the damage caused by the spontaneous termination of work in July 2016, which did not affect the financial statements.

## 26 Statement of the Management responsibility

The Management Board of Luka Koper, d. d., herein declares that the non-audited condensed financial statements of Luka Koper, d. d., and non-audited condensed consolidated statements of Luka Koper Group for the period ending 30 June 2017, have been compiled in order that they shall provide a true and fair disclosure of Luka Koper, d. d., and Luka Koper Group. The condensed financial statements January – June 2017 have been compiled in accordance with the same accounting policies and principles applicable in Luka Koper, d. d., and Luka Koper Group 2016 annual reports.

These condensed interim statements for the period ending 30 June 2017, were compiled in accordance to the International accounting Standards 34 – Interim Financial Statement, and should be considered in relation to the annual financial statements for fiscal year ending 31 December 2016. Financial statements for 2016 are audited.

The management Board shall be held responsible for the implementation of measures guaranteeing the preservation and growth of assets of Luka Koper d.d. and Luka Koper Group assets and detection of fraud and other irregularities and their elimination.

The Management Board declares that the associated companies of Luka Koper Group made mutual transactions on the basis of concluded agreements in which market prices for products and services were applied, namely, no business was conducted under unusual terms and conditions.

Members of the Management Board:



Dragomir Matić, President of the Management Board



Andraž Novak, Member of the Management Board



Irena Vinček, Member of the Management Board



Stojan Čepar, Member of the Management Board – Labour Director

Koper, 17 August 2017